

# City of North Miami

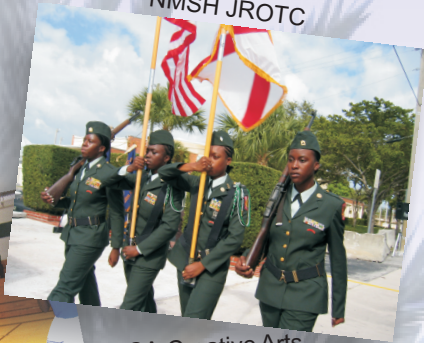
## COMPREHENSIVE Annual Financial REPORT

Children..Our City's Most Valuable Asset

Learning about Black History Month



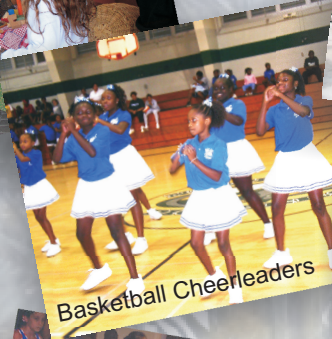
NMSH JROTC



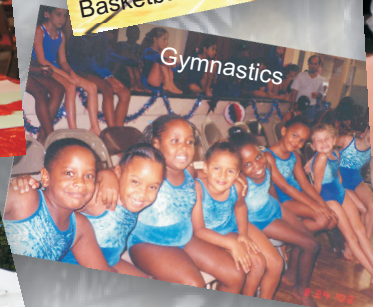
MOCA Creative Arts Camp



Basketball Cheerleaders



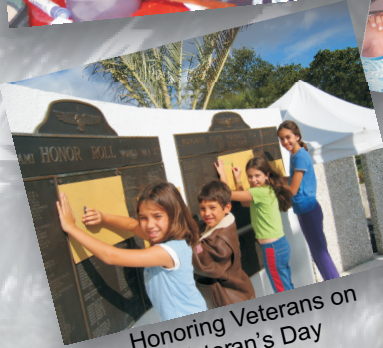
Gymnastics



MOCA Creative Arts



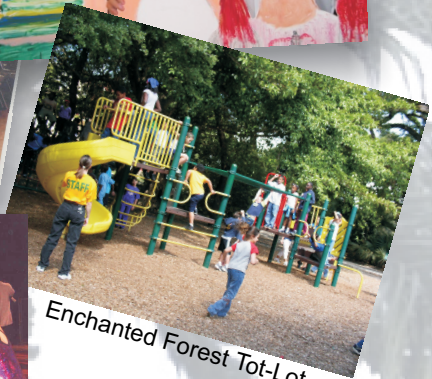
Honoring Veterans on Veteran's Day



Gymnastics



Enchanted Forest Tot-Lot



Annual Gymnastics Exhibition



Jennifer Martinez, Memorial Day Essay Winner



FISCAL YEAR ENDED SEPTEMBER 30, 2004



**CITY OF NORTH MIAMI, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2004

PREPARED BY:

FINANCE DEPARTMENT

**CARLOS M. PEREZ, CPA**  
FINANCE DIRECTOR

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ASSISTANT FINANCE DIRECTOR

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ACCOUNTANTS  
**MIGUEL CODORNIU**  
**KAY GRANT**

SPECIAL ACKNOWLEDGEMENT  
GRAPHICS DESIGNER  
**GABRIEL COLON**

PUBLIC INFORMATION OFFICER  
**PAM SOLOMON**



The City of North Miami

# *Mission Statement*

*The Mission of the City of North Miami*

*is to enhance the quality of life,  
environment, and safety for citizens,  
businesses, customers, visitors and  
employees in an atmosphere of  
courtesy, integrity, quality and  
fiscally responsible service.*



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# Kids in Government

"City of WJ Bryan Elementary Calls to Order"

Students in Government Day



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# City of North Miami

776 Northeast 125th Street, P.O. Box 619085, North Miami, Florida 33261-9085

(305) 893-6511

May 27, 2005

To the Citizens, Honorable Mayor and  
Members of the City Council of the  
City of North Miami, Florida

The Comprehensive Annual Financial Report of the City of North Miami, Florida, for the fiscal year ended September 30, 2004 as required by Chapter 11.45 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and Section 23 of the Charter of the City of North Miami is submitted for your review.

The financial statements included in this report conform with accounting principles generally accepted in the United States (GAAP) established by the Governmental Accounting Standards Board. This report consists of management's representations concerning the finances of the City of North Miami and is presented in a format designed to fairly set forth the financial position and the results of operations of the City on a government-wide and fund basis. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented. We believe the data in this report to be accurate in all material respects, and include all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of North Miami's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rachlin Cohen & Holtz LLP, a licensed certified public accounting firm. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2004 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federal mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent



auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on the administration of federal awards.

In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, GAAP requires that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of North Miami's MD&A can be found immediately following the report of the independent Certified Public Accountants.

## **PROFILE OF THE GOVERNMENT**

The City of North Miami was incorporated on February 5, 1926 and is a political subdivision of the State of Florida. The City operates under a council-manager form of government and provides general government, public safety, public works, economic and community development, library, recreation and cultural event services to 60,101 residents. In addition, the City operates the Water and Sewer Utility, Stormwater Utility and Solid Waste Services as enterprise activities. The Council is responsible for enacting ordinances, resolutions and regulations governing the City, as well as appointing the members of various advisory boards, the City Manager and City Attorney. The City Manager is the City's Chief Executive Officer and is responsible for the daily operations of the City and for implementing policies adopted by the City Council. The City Manager is also charged with the hiring of department heads and with preparing the annual budget.

The financial reporting entity (the City) includes all the funds of the primary government (i.e., the City of North Miami as legally defined), as well as all of its component units. Component units are legally separate entities for which the City of North Miami is financially accountable or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. The Museum of Contemporary Art, Inc. (MoCA) (a not-for-profit corporation) is reported as a discretely presented component unit. The North Miami Health Facilities Authority is also a component unit of the City, however, because there are no assets, liabilities or results of operations to report, disclosure is made only in the notes. Additional information on both of these legally separate entities can be found in Note 1 in the notes to the basic financial statements.

The annual budget serves as the foundation for the City's financial planning and control systems. Management's budget request is presented to the City Council by the City Manager. The Council holds public hearings on the proposed budget prior to adopting the final budget and setting the tax rates for the budget year. Budgetary control over expenditures is legally maintained at the fund level except for the General Fund, which is at the departmental level. The budget to actual comparison for the General Fund is included as RSI (Required Supplementary Information) following the notes to the basic financial statements. All other budget to actual comparisons are presented as other supplementary information.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of North Miami operates. The City of North Miami is the fifth largest City in Miami-Dade County, the sixteenth largest in South Florida, and the thirty-third largest in the state. It is 9.5 square miles in area. North Miami's ideal location between Fort Lauderdale and Miami with easy access to major transportation corridors and area resources makes it a desirable place in which to live and work. With such accessibility and convenience, North Miami's major communities like Sunkist Grove, Central North Miami, Keystone Point and San Souci house more than 2,500 businesses and 60,101 citizens. These residents are primarily younger families of multi-ethnic backgrounds that make North Miami, one of the youngest, most culturally diverse cities in South Florida. With a median household income of roughly \$29,778, the area represents a stable middle class population base. In 2004, the unemployment rate for City residents was 6.6%. The City is home to many of Florida's film and music studios, and offers office space, manufacturing and warehousing within its boundaries. Housing stock includes a mix of single-family homes, apartment buildings and condominiums.

### **Long-Term Financial Planning**

The City of North Miami's primary focus related to economic growth is the redevelopment of existing commercial property and the enhancement of residential values through neighborhood revitalization. In August 2003, the North Miami City Council retained a team of national and local firms to create a Redevelopment Consultant Team to conduct a needs assessment and prepare a comprehensive Redevelopment plan to achieve the City's redevelopment goals. The team was charged with preparing a Redevelopment plan consistent with the City's Comprehensive Master Plan, and formulated with input from citizens, property owners, and civic interests. The North Miami Community Redevelopment Area ("CRA") was designated by the City Council and adopted in December 2003. It was transmitted to Miami-Dade County for approval and was modified in discussions with the County. The Redevelopment area covers approximately 3,249 acres of the City and is slated to be the largest in the state of Florida, encompassing approximately 60% of the entire city. The mission is to redevelop areas and infrastructure within the designated CRA to create affordable housing units, foster new economic growth, provide better traffic flow, and in essence a better quality of life for all residents.

In December 2002, a Development Agreement was executed for the former Munisport site (Biscayne Landing). The agreement calls for a 99-year lease of the site to the developer (Swerdlow/Boca Developers), with a 99-year renewal. This is a comprehensive development project for the City's last remaining large parcel of open space and an integral part of the Redevelopment plan. The lease and Development Agreement for "Biscayne Landing" provides several major advantages for the CRA. The Development Agreement puts into place elements not normally included in a start-up Community Redevelopment Agency and plan. The lease of the City land will provide

annual lease income directly to the City, which together with a participation fee upon the sale of each housing unit, will assist the City in current and future budget planning and provide new revenue streams for the General Fund. The Development Agreement requires the Developer to build, or manage to be built, all of the City's required housing programs and at a minimum to cause one (1) affordable single-family or multi-family housing unit to be rehabilitated or created for every unit built at Biscayne Landing. The development program for Biscayne Landing anticipates building approximately 6,000 housing units over a 10-year period. Design, marketing, and construction have begun for the first 400± units of housing. In addition, the developer of Biscayne Landing is providing management and funding for certain civic, open space and pedestrian projects such as public park areas, 5.4 miles of pedestrian/biking trails within and around "Biscayne Landing" itself, a charter high school facility, environmental and wetlands conservation restoration, and an Olympic Training Facility with a gym, auditorium, and other facilities with access and training for the public, and a new City library. The Biscayne Landing project represents a major mixed-used development opportunity for a multi-phase development program. On-site development plans include upscale condominiums, a town center including commercial and retail space, and a hotel, all to be phased in over the next 15 years. This development is expected to create a significant potential tax base for the City, and in turn help support redevelopment initiatives elsewhere in the City. Additional information regarding the former Munisport site can be found in Note 12 of the notes to the basic financial statements. Also during 2004, the City entered into an amended grant agreement with Miami-Dade County, whereby, the City will receive \$31 million for assistance in funding an environmental cleanup at the former dumpsite.

## **MAJOR INITIATIVES**

North Miami continues to strengthen its commitment as the "City of Progress". During fiscal year 2004, the City achieved many significant accomplishments in furtherance of the goals and objectives established by the City Council. The accomplishments included:

- Continuation of the Biscayne Landing development phase. This enormous development project will create a significant tax base for the City and provide the necessary funding for redevelopment initiatives elsewhere in the City. Plans include upscale condominiums, a town center, charter school, hotel, and park space.
- In June 2004, a groundbreaking took place for a new K-8 "Ele-middle" school on property adjacent to the Biscayne Landing development with an expected opening date of January 2006.
- Completion of \$1.2 million in new sidewalks and repairs to existing sidewalks funded through a Florida Department of Transportation grant
- Completion of \$5.4 million in drainage improvements throughout the City that was funded through FEMA state and federal grants.
- Consolidation, reorganization and restructuring of sanitation services for operational efficiency including launching of the automated solid waste collection program. The implementation of the one-arm bandit system will reduce personnel costs in the Solid Waste Services Fund.
- Received the 2004 Crystal Award given by Florida Government Communications Association for 3<sup>rd</sup> place in a single topic publication. "Let's Talk Trash" highlighted the collection, disposal and recycling of garbage and trash.



- Implementation of the NOMI Express community bus system facilitating access for residents to educational, cultural and commercial centers, and providing inter-modal connectivity to Miami-Dade Transit systems. This service is free to City residents.
- Continued efforts to increase citizen participation and awareness by hosting classes/programs like KICS (Knowledge in City Services) and Progress TV-77, North Miami's own cable channel.
- Strategic law enforcement initiatives resulting in the reduction of our crime statistics to their lowest in 17 years with more arrests in 2004 than in any prior year in the history of the North Miami Police Department. The Traffic Safety Unit ranked #1 in Miami-Dade County and in the "top ten" in the State of Florida for citations issued during the "Buckle-Up Seatbelt Enforcement Wave".
- The E. May Avil Public Library signed a reciprocal agreement with the Miami-Dade County Library system, Hialeah Public Library, and the North Miami Beach Public Library allowing anyone who resides in the County, unincorporated Miami-Dade or any of the above municipalities to obtain a free library card anywhere and enjoy its privileges regardless of where they live.
- The E. May Avil Public Library received State aid in the amount of \$58,466 for the first time since legislation was changed in 2003 allowing municipalities to apply for State Aid.
- Winner of American Youth Soccer Organization's Pele Award for youth soccer for the third consecutive year.  
Due to public interest and support, the Parks and Recreation Department has extended the self-sustaining gymnastics programming to year-round.
- Received the National Outstanding Community Partnership Award given by the Round Table Associates of Washington, D.C. recognizing North Miami's "Teens in Action" program.
- Received for the fifteenth consecutive year, a Certificate of Achievement for Excellence in Financial Reporting.

Fiscal year 2004 was a year of significant accomplishments. The City is at the beginning of a period of unparalleled economic growth and expansion as envisioned by the Biscayne Landing project. As the City addresses the various demands of growth, it is equally important to identify the challenges that will face the community in the next 5 to 15 years. Facing the needs of a rapidly growing metropolitan community typically places a burden on the financial flexibility of any government unit. With growth comes the challenge of matching new revenue sources with expanding capital needs while maintaining the quality of life amenities and service delivery levels our citizens have come to enjoy and expect.

## **CASH MANAGEMENT**

The City maintains a pooled cash account for all funds excluding the Pension Trust funds. The cash management program involves a mix of maintaining principal and earnings free from risk, maintaining adequate liquidity to meet the City's obligations, and maximizing investment return through the solicitation of competitive rates from various investment sources. In 2001, the City formally adopted its written investment policy pursuant to Section 218.415, Florida Statutes. The City's investments include Certificates of Deposit (CD's) with financial institutions, collateralized as required by Florida Statutes Chapter 280 "Florida Security for Public Deposits Act", a collateralized Interest on

Public Funds Checking Account, investments with the State Board of Administration (SBA) Investment Pool and obligations of the U.S. Treasury consisting primarily of government agency bonds. The average interest rate for the fiscal year was 1.58%. The City's Defined Benefit Pension Plans and Defined Contribution Pension Plans manage their own funds, and are not included in the City's pooled cash system. The Pension Trust funds' investment portfolio also includes U.S. Government obligations, corporate stocks and bonds.

## **SELF-INSURANCE**

The City's General Liability and Workers' Compensation insurance programs are self-insured and accounted for within the General Risk Management Internal Service Fund. This fund contains liability reserves, including Incurred But Not Reported (IBNR) and Allocated Loss Adjustment Expenses (ALAE) reserves, as required by the Governmental Accounting Standards Board's Statement No. 10. The various City departments are assessed a charge based upon requirements of the program. The Workers' Compensation self-insurance program is administered by an outside party. The City purchases commercial insurance coverage for law enforcement officers' and public officials' liability. Group health and dental coverage is provided through fully insured plans to help control costs. Beginning in fiscal year 2000, funds remaining in the Health Insurance Trust Fund are being used to pay the costs of employee health insurance premiums as approved by City Council. Additional information on the City's risk management activity can be found in Note 9 of the notes to the basic financial statements.

## **PENSION TRUST OPERATIONS**

The City of North Miami has two Defined Benefit Pension Plans. The Clair T. Singerman (CTS Plan) Employees' Retirement System covers police officers hired before January 1, 1977, and all general employees and former North Miami firefighters. The Retirement System for Sworn Police Personnel Hired on or After January 1, 1977 (748 Plan) covers police officers hired after January 1, 1977. A separate Board of Trustees is responsible for the administration of each Plan. Two members of each Board are assigned as trustees as a result of their City positions, one member is designated by the City Manager, and the remainder is elected by the Plan membership.

Annually, an independent actuary engaged by the pension boards calculates the amount of the annual pension contribution required by the City to ensure that the plans will be able to fully meet their respective obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plans as determined by the actuary.

The City also offers two defined contribution pension plans. The North Miami Police Officers' Retirement Pension Fund Share Plan covers all City police officers and is funded through state insurance premium tax monies. The City of North Miami Department Managers' Pension Plan covers the City's department managers and is funded through City contributions consisting of 10% of a participant's compensation. These plans are not reported as funds of the City, but are disclosed in the notes to the financial statements as defined contribution pension plans.

The City also sponsors two deferred compensation plans, which qualify under Internal Revenue Code Section 457. The Plans are funded by employee contributions and administered by independent fiduciary agents. These plans do not meet the fiduciary criteria found in NCGA Statement No. 1 and, accordingly, in compliance with GASB Statement No. 32 are not reported in the City's net assets.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Miami for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2003. This was the fifteenth consecutive year that the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

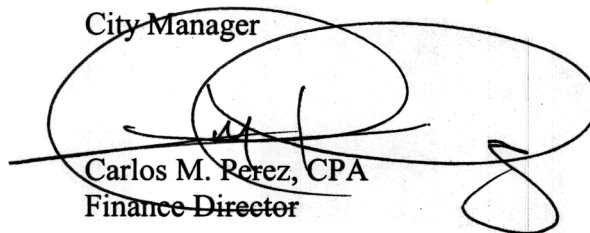
A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 2004, Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would have not been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the Department has our sincere appreciation for the contributions made in the preparation of this report. We also would like to thank our independent certified public accountants, Rachlin Cohen & Holtz LLP, for their cooperation and assistance in the preparation of this report.

Sincere appreciation is also expressed to the City Council for their leadership, and support in matters pertaining to the financial affairs of the City.

Respectfully submitted,

  
Clarence Patterson  
City Manager

  
Carlos M. Perez, CPA  
Finance Director



# **CITY OF NORTH MIAMI, FLORIDA**

## **LIST OF PRINCIPAL OFFICIALS**

### **COUNCIL - MANAGER FORM OF GOVERNMENT**

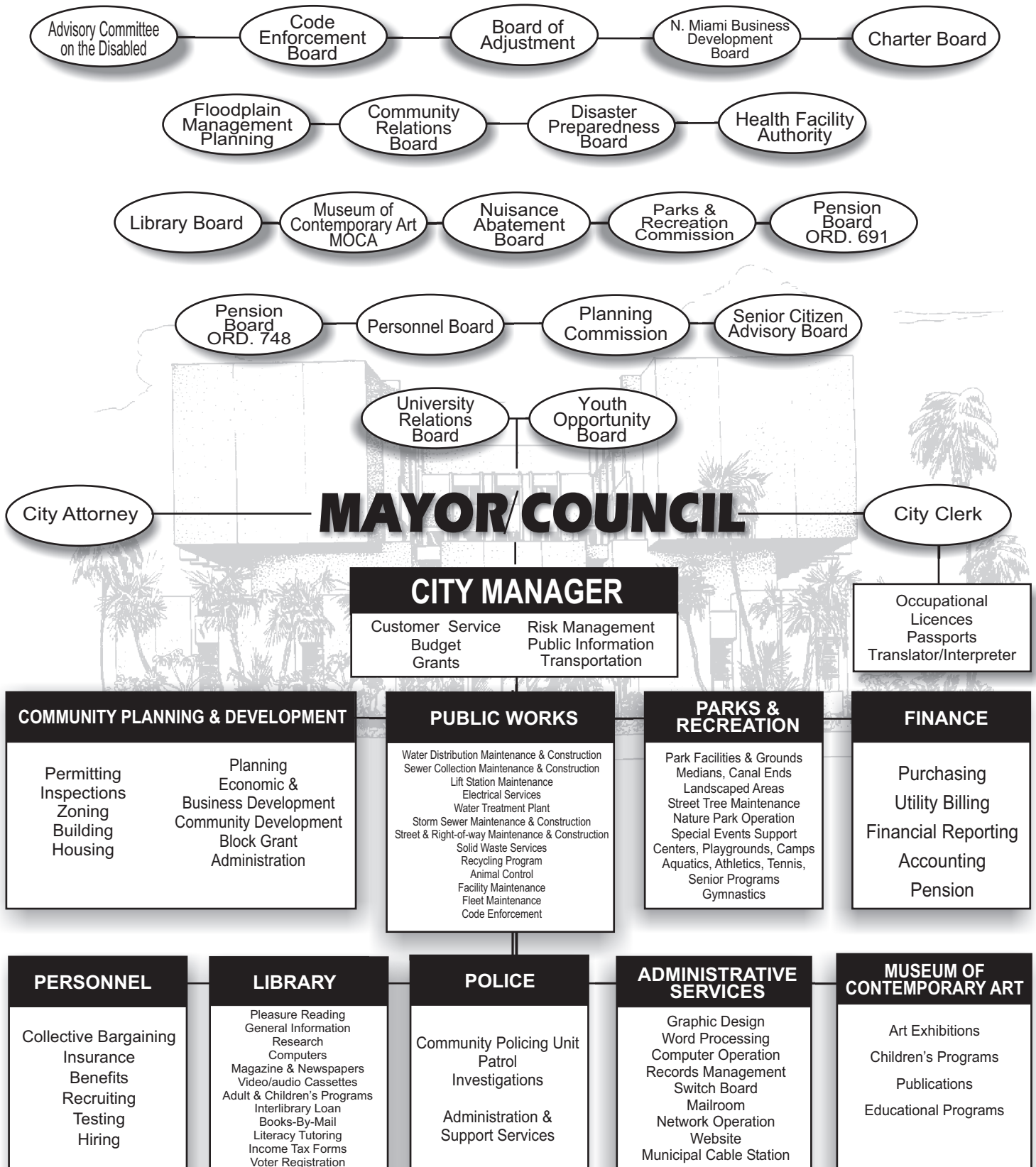
<b>TITLE</b>	<b>NAME</b>
<b>Elected Officials</b>	
Mayor	Kevin A. Burns
Councilman	Michael R. Blynn
Councilman	Jacques A. Despinosse
Councilman	Scott Galvin
Councilwoman	Marie Erlande Steril
City Clerk	Frank Wolland
<b>Appointed Officials</b>	
City Manager	Clarence Patterson
City Attorney	Hans Ottinot
<b>Department Directors</b>	
Police Chief	Gwendolyn Boyd
Community Planning & Development Director	Maxine Calloway
Museum of Contemporary Art Director	Bonnie Clearwater
Public Works Director	Mark E. Collins
Personnel Administration Director	Rebecca Jones
Administrative Services Director	Hortensia Machado
Finance Director	Carlos M. Perez
Library Director	Ilene Z. Vegazo
Parks & Recreation Director	Nathaniel O. Wilkins

### **INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS** **Rachlin Cohen & Holtz LLP**



# ORGANIZATIONAL STRUCTURE

FOR THE CITY OF NORTH MIAMI



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Miami,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director



# Kids at Play

Enchanted Forest Tot-Lot



Haitian Bicentennial Celebration



Cooling off at J. Houston Gribble pool



Honoring past Veterans on Veteran's Day

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**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Honorable Mayor, City Council and City Manager  
City of North Miami, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2004, which, collectively, comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 21, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

-1-



**Rachlin Cohen & Holtz LLP**

One Southeast Third Avenue ▪ Tenth Floor ▪ Miami, Florida 33131 ▪ Phone 305.377.4228 ▪ Fax 305.377.8331 ▪ [www.rachlin.com](http://www.rachlin.com)

*An Independent Member of Baker Tilly International*

Honorable Mayor, City Council City Manager  
City of North Miami, Florida  
Page Two

Management's Discussion and Analysis and the Required Supplementary Information on pages 3-22 and pages 70-73, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Similarly, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization; and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information identified in the table of contents as the Introductory and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion thereon.

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
March 21, 2005

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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# City of North Miami, Florida

## Management's Discussion and Analysis

As management of the City of North Miami, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

This is the third year that the City has reported its financial statements in a government-wide format using the GASB Statement Number 34 ("GASB 34") reporting model. Fund-based financial reporting and government-wide financial reporting are not viewed as being in conflict; however, they are not comparable.

It is important to note at this point, that the City also made two prior period adjustments that affected both the government-wide and fund-based financial statements, all of which are currently reflected in the comparative information presented. These adjustments were as follows:

- The beginning net assets balance for the governmental activities was restated for a prior period adjustment relating to accumulated depreciation of land improvements that was not reported in the previous year. Refer to Note 15 – Prior Period Adjustments for additional information.
- The beginning net assets balance for the business-type activities was restated for a prior period adjustment relating to the carrying value of a land parcel that had been understated in prior years. Refer to Note 15 – Prior Period Adjustment for additional information.

### FINANCIAL HIGHLIGHTS

- The assets of the City of North Miami exceeded its liabilities at the close of the most recent fiscal year by \$71,783,231 (*net assets*), as compared with \$34,065,773 previous year. Unrestricted net assets at year-end reflect a balance of \$1,042,593, compared with a deficit of \$30,246,640 for the previous year.
- At the end of the fiscal year, the City's \$1,042,593 balance in unrestricted net assets included a deficit of \$1,583,548 for governmental activities, and net assets of \$2,626,141 for its business-type activities.
- The City's total net assets increased by \$37,717,458 (or 111%) during the current fiscal year. Included in the total net assets are governmental net assets that increased by \$32,649,930 (or 411 %), and the business-type net assets, which increased by \$5,067,528 (or 19%).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,158,834, an increase of \$2,737,592 in comparison with the prior year. Approximately 91% (\$10.1 million) of this total amount is available for spending at the government's discretion (*unreserved fund balance*). However, only 58% (\$5.9 million) of this amount is available in the City's General Fund.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,870,488 or 16% of total General Fund expenditures. At the end of the previous fiscal year, this balance was \$3,552,376 or 10% of total General Fund expenditures.
- The City's total debt decreased by \$5,536,316 (19%) during the current fiscal year. The key factor in this change was the retirement of \$4.6 million in Water & Sewer bonds.

# City of North Miami, Florida

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public works, highways and streets, public safety, culture and recreation, community planning and development, physical environment, and economic environment. The business-type activities of the City include a Water and Sewer Utility, a Stormwater Utility, and Solid Waste Services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate museum for which the City of North Miami is financially accountable. Financial information for the museum is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 23-24 of this report.

**Infrastructure Assets.** While the City elected to early implement GASB 34 in fiscal year ended September 30, 2002, the City has deferred implementing the infrastructure portion related to governmental activities until fiscal year ending September 30, 2005, when such disclosure is required.

#### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

# City of North Miami, Florida

## **Management's Discussion and Analysis**

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 74-82 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget (pages 70-71).

The basic governmental fund financial statements can be found on pages 25-28 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer, Stormwater, and Solid Waste operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and its self-insurance activities. Because both of these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Stormwater, and Solid Waste operations. All three of these funds are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 83-86 of this report.

The basic proprietary fund financial statements can be found on pages 29-33 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.



# City of North Miami, Florida

## **Management's Discussion and Analysis**

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 36-69 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 73 of this report.

*The Management's Discussion and Analysis continues on the next page.*

# City of North Miami, Florida

## Management's Discussion and Analysis

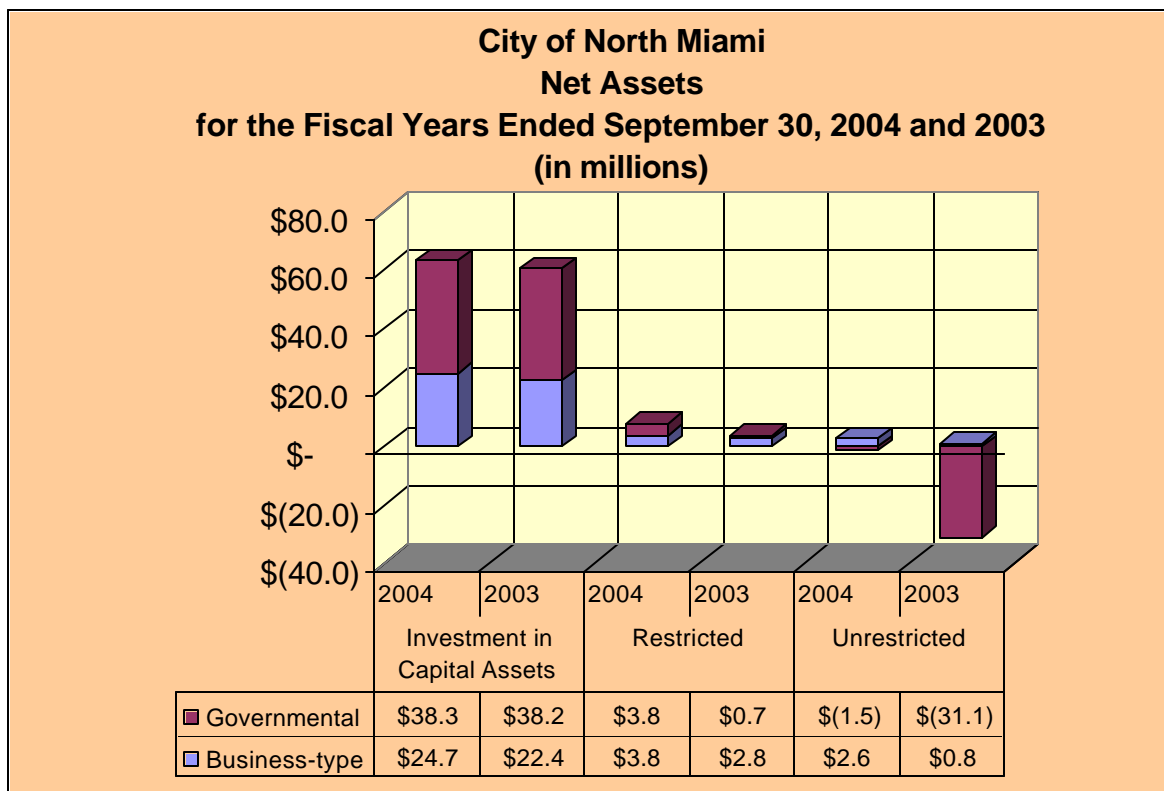
### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of North Miami, assets exceeded liabilities by \$71,783,231 at the close of the most recent fiscal year, compared to net assets of \$34,065,773 in the prior year.

#### City of North Miami's Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government		Total
	2004	Restated 2003	2004	Restated 2003	2004	Restated 2003	Percentage Change
Current and other assets	\$59,138,526	\$28,152,386	\$13,897,000	\$17,416,777	\$73,035,526	\$45,569,163	60%
Capital assets	42,941,732	43,560,516	29,774,295	25,162,352	72,716,027	68,722,868	6%
Total assets	102,080,258	71,712,902	43,671,295	42,579,129	145,751,553	114,292,031	28%
Long-term liabilities	57,553,565	57,048,535	7,008,780	8,795,503	64,562,345	65,844,038	-2%
Other liabilities	3,930,798	6,718,400	5,475,179	7,663,820	9,405,977	14,382,220	-35%
Total liabilities	61,484,363	63,766,935	12,483,959	16,459,323	73,968,322	80,226,258	-8%
Net assets:							
Invested in capital assets, net of related debt	38,331,288	38,193,755	24,745,687	22,476,764	63,076,975	60,670,519	4%
Restricted	3,848,155	818,987	3,815,508	2,822,907	7,663,663	3,641,894	110%
Unrestricted	(1,583,548)	(31,066,777)	2,626,141	820,137	1,042,593	(30,246,640)	103%
Total net assets	\$ 40,595,895	\$ 7,945,965	\$ 31,187,336	\$ 26,119,808	\$ 71,783,231	\$ 34,065,773	111%



## City of North Miami, Florida

### Management's Discussion and Analysis

The change in net assets represents a 111% increase from the prior year. This increase is primarily due to the recognition of a \$31 million grant. During 2004, the City entered into a grant agreement with a local agency, whereby it will be the recipient of approximately \$31 million in grant funds to be used solely for the environmental cleanup and remediation of a former illegal dumpsite. In the prior year, the City recognized a \$31 million estimated liability for this environmental cleanup and remediation. Although the City entered into an agreement with a developer who will assume the responsibility for the remediation and cleanup costs as part of developing the property into a multi-million dollar project, the City ultimately retains the responsibility and as a result recognized this liability. Although the funds will not be available until early fiscal year 2005, the grant is recognized as a revenue and receivable as of September 30, 2004 to the extent that the City recognized the liability in the prior year. The recognition of the grant revenue and receivable is the most significant impact to the City's increase of net assets in fiscal year 2004.

By far the largest portion of the City of North Miami's net assets, \$63 million (88%), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. This investment in capital assets reflects a 4% increase over the prior year's restated balance of \$60.7 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It should also be noted, that at September 30, 2004, the City's governmental infrastructures acquired prior to fiscal year 2002 are not yet reflected in the City's financial statements. As provided for in GASB 34, the City has elected to defer reporting these assets until a later date.

An additional portion of the City's net assets, \$7,663,663 (11%), represents resources that are subject to external restrictions on how they may be used. This represents a \$4 million increase from the previous year's balance of \$3,641,894. In the governmental activities, the increase is due primarily to the recognition of over \$2 million in intergovernmental revenues that is restricted for transportation purposes. Additional restrictions for law enforcement and other grants contributed to the increase. In the business-type activities, the final maturity of one bond issue, and the early redemption of another, along with grant and loan proceeds restricted for capital projects contributed to the net increase of approximately \$1 million in restricted net assets.

The remaining balance of unrestricted net assets, \$1,042,593 (1%), at the end of the fiscal year may be used to meet the government's ongoing obligations to citizens and creditors. This represents an increase of \$31.2 million from the previous year's deficit balance of \$30,246,640. Specifically, as mentioned earlier, the City recognized \$31 million in grant funds that offset the impact of the liability recognized in the prior year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for its business-type activities. However, for its governmental activities, all of the net assets are either restricted as to the purposes they can be used for or are invested in capital assets (land, buildings, equipment, and so on). Consequently, unrestricted net assets showed a \$1,583,548 deficit at the end of the fiscal year for the governmental activities. This deficit does not mean that the City does not have resources to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. Although the business-type activities reflect a balance of \$2,626,141 in unrestricted net assets, these resources cannot be used to make up the deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the water, sewer and stormwater utilities.

# City of North Miami, Florida

## Management's Discussion and Analysis

### Changes in Net Assets

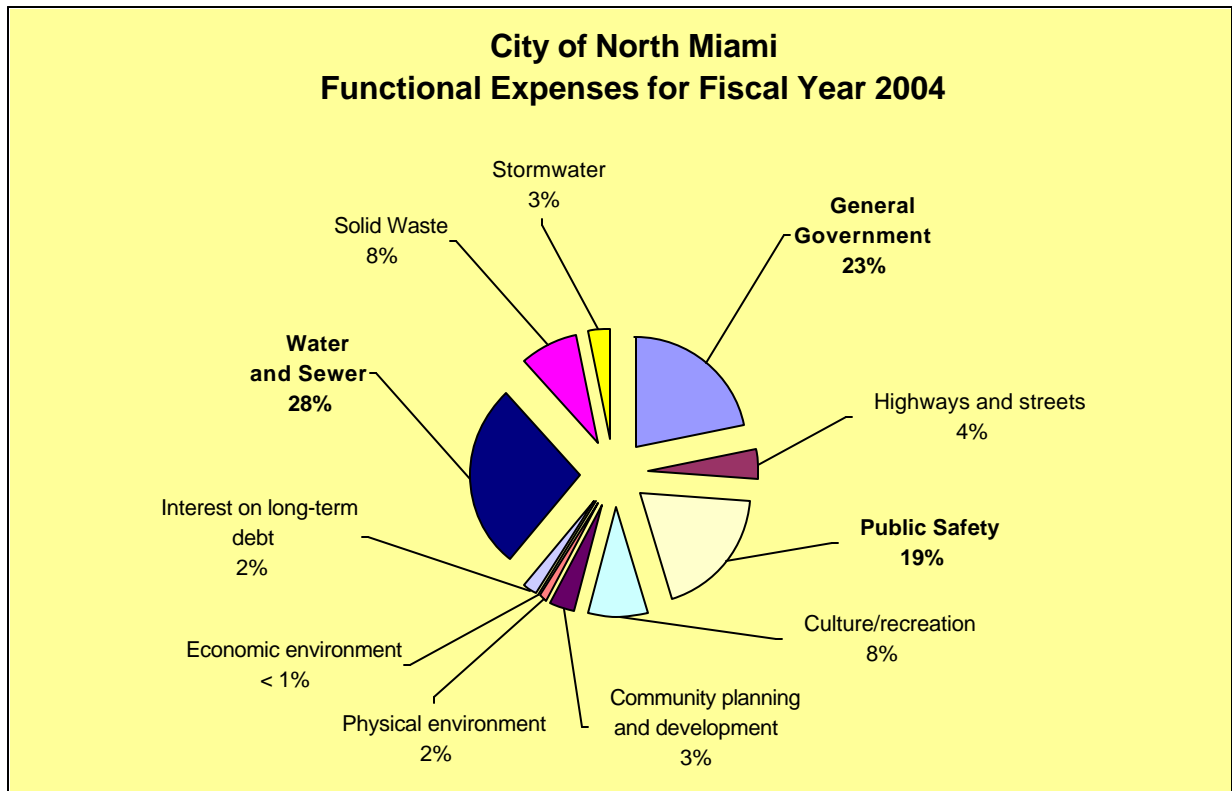
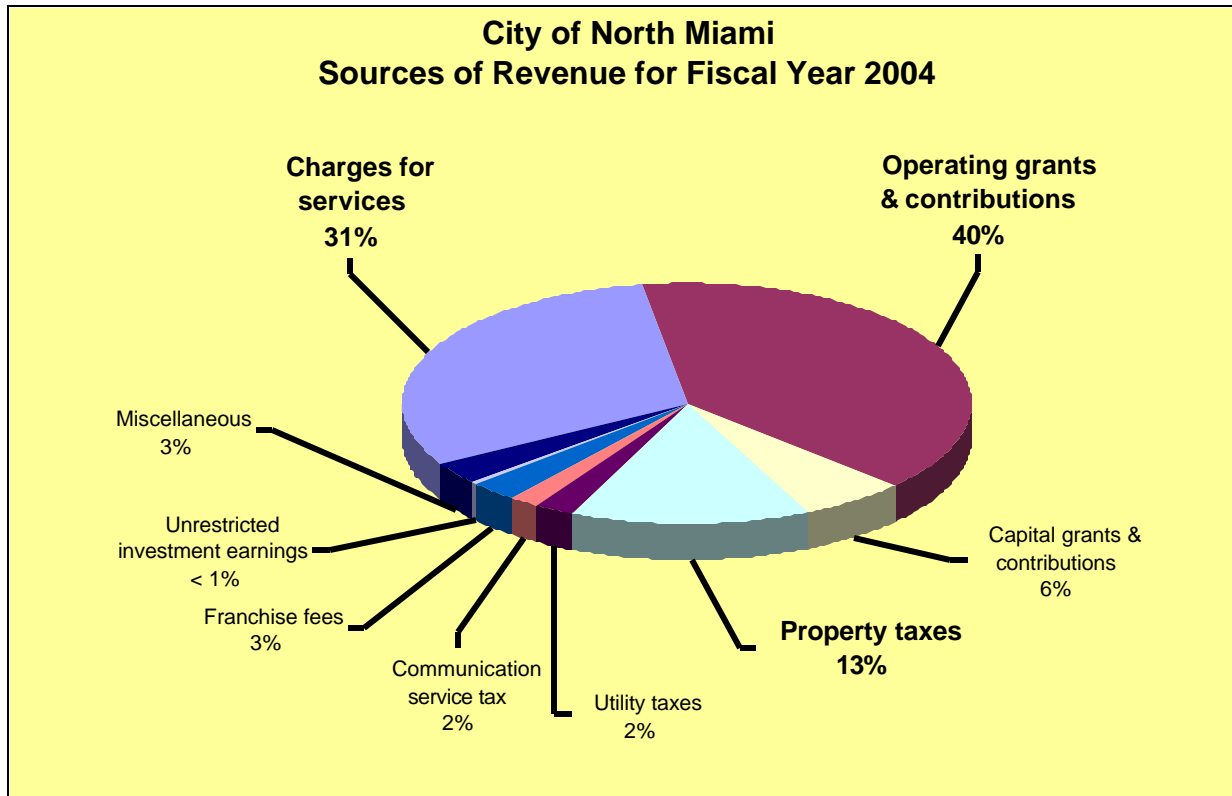
The following is a comparative analysis of the changes in net assets for the current and prior fiscal years.

### City of North Miami's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Total Percentage Change</u>
	2004	Restated 2003	2004	Restated 2003	2004	Restated 2003	
Revenues:							
Program Revenues:							
Charges for services	\$8,292,794	\$7,996,760	\$24,094,280	\$21,927,550	\$32,38,074	\$29,924,310	8%
Operating grants and contributions	41,012,814	11,317,404	160,541	-	41,173,355	11,317,404	264%
Capital grants and contributions	1,505,108	504,126	5,022,580	401,032	6,527,688	905,158	621%
General Revenues:							
Property taxes	14,069,703	12,575,861	-	-	14,069,703	12,575,861	12%
Utility taxes	2,458,734	2,521,258	-	-	2,458,734	2,521,258	-2%
Communication services tax	1,729,145	1,713,857	-	-	1,729,145	1,713,857	1%
Franchise fees	2,841,720	2,706,832	-	-	2,841,720	2,706,832	5%
Unrestricted investment earnings	229,920	196,936	193,016	377,830	422,936	574,766	-26%
Miscellaneous revenues	1,384,100	1,468,177	1,774,127	684,431	3,158,227	2,152,608	47%
<b>Total revenues</b>	<b>73,524,038</b>	<b>41,001,211</b>	<b>31,244,544</b>	<b>23,390,843</b>	<b>104,768,582</b>	<b>64,392,054</b>	<b>63%</b>
Expenses:							
General government	14,901,830	12,803,193	-	-	14,901,830	12,803,193	16%
Highways and streets	2,585,706	2,289,964	-	-	2,585,706	2,289,964	13%
Public safety	12,956,769	12,716,830	-	-	12,956,769	12,716,830	2%
Culture/recreation	5,683,795	5,515,862	-	-	5,683,795	5,515,862	3%
Community planning and development	2,338,699	3,343,428	-	-	2,338,699	3,343,428	-30%
Physical environment	1,046,250	19,580,993	-	-	1,046,250	19,580,993	-95%
Economic environment	48,459	1,314,193	-	-	48,459	1,314,193	-96%
Interest on long-term debt	1,316,044	1,365,061	-	-	1,316,044	1,365,061	-4%
Water and sewer	-	-	18,412,385	17,952,760	18,412,385	17,952,760	3%
Solid waste	-	-	5,599,198	5,291,596	5,599,198	5,291,596	6%
Stormwater	-	-	2,161,989	1,510,072	2,161,989	1,510,072	43%
<b>Total expenses</b>	<b>40,877,552</b>	<b>58,929,524</b>	<b>26,173,572</b>	<b>24,754,428</b>	<b>67,051,124</b>	<b>83,683,952</b>	<b>-20%</b>
Increase (Decrease) in net assets before transfers	32,646,486	(17,928,313)	5,070,972	(1,363,585)	37,717,458	(19,291,898)	296%
Transfers	3,444	(446,707)	(3,444)	446,707	-	-	
<b>Increase (Decrease) in net assets</b>	<b>32,649,930</b>	<b>(18,375,020)</b>	<b>5,067,528</b>	<b>(916,878)</b>	<b>37,717,458</b>	<b>(19,291,898)</b>	<b>296%</b>
Net assets-beginning before prior period adjustments	7,945,965	32,662,383	26,119,808	27,077,808	34,065,773	59,740,191	-43%
Prior period adjustments	-	(6,341,398)	-	(41,122)	-	(6,382,520)	100%
<b>Net assets-beginning (restated)</b>	<b>7,945,965</b>	<b>26,320,985</b>	<b>26,119,808</b>	<b>27,036,686</b>	<b>34,065,773</b>	<b>53,357,671</b>	<b>-36%</b>
<b>Net assets-ending</b>	<b>\$40,595,895</b>	<b>\$7,945,965</b>	<b>\$31,187,336</b>	<b>\$26,119,808</b>	<b>\$71,783,231</b>	<b>\$34,065,773</b>	<b>111%</b>

# City of North Miami, Florida

## Management's Discussion and Analysis



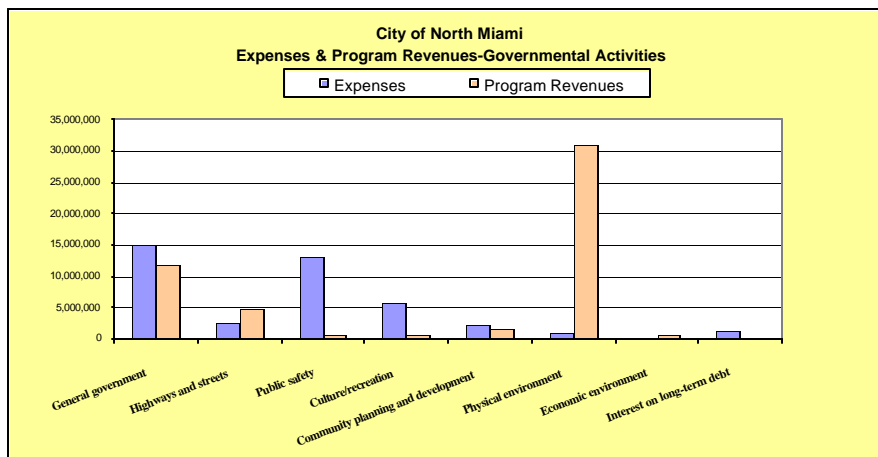
# City of North Miami, Florida

## Management's Discussion and Analysis

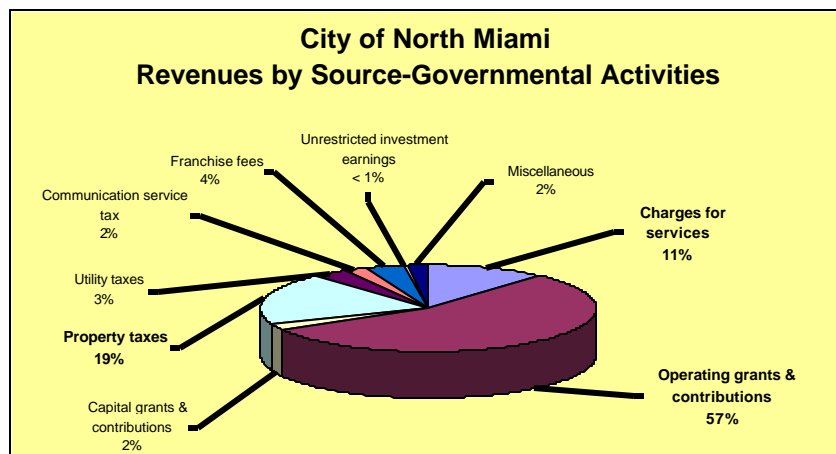
### Governmental Activities

Government-type activities for fiscal year 2004 increased the City's net assets by \$32,649,930, accounting for about 87% percent of the total increase in the City's net assets.

- In 2004, general government, public safety and culture/recreation comprised over 82% of the City's total governmental activities. General government program revenues funded approximately 78% of its activities, while public safety and culture/recreation program revenues fund less than 11% of their activities. General revenues, primarily property taxes, fund the balance of these activities.
- Highways and streets reflect \$2 million in program revenues in excess of expenses. This is primarily due to the recognition of a capital grant, but where the expense activities do not yet reflect depreciation on those infrastructure improvements.
- A prior period adjustment for depreciation reduced net assets by \$6,341,398. Net assets at year end were \$40,595,895; a net increase of \$26,308,532 from the prior year.
- The most significant item affecting governmental activities is the recognition of \$31 million in operating grant revenues. During 2004, the City entered into an agreement with a local agency, whereby the agency would provide funding for the closure and remediation of a former dumpsite. Although the funds will not be received until early 2005, a revenue and receivable have been recognized to the extent the City previously recognized a \$31 million liability for the environmental cleanup. This represents 61% of the City's total governmental program revenues in 2004, while physical environment expenses represent only 3% of total governmental activities.



In 2004, program revenues, comprised of charges for services, and operating and capital grants and contributions, represents 70% of the governmental activities total revenues. Property taxes, which represent 19% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.





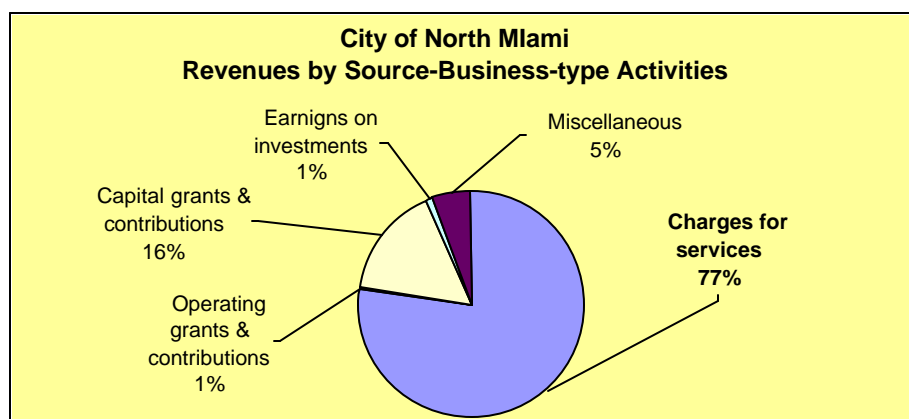
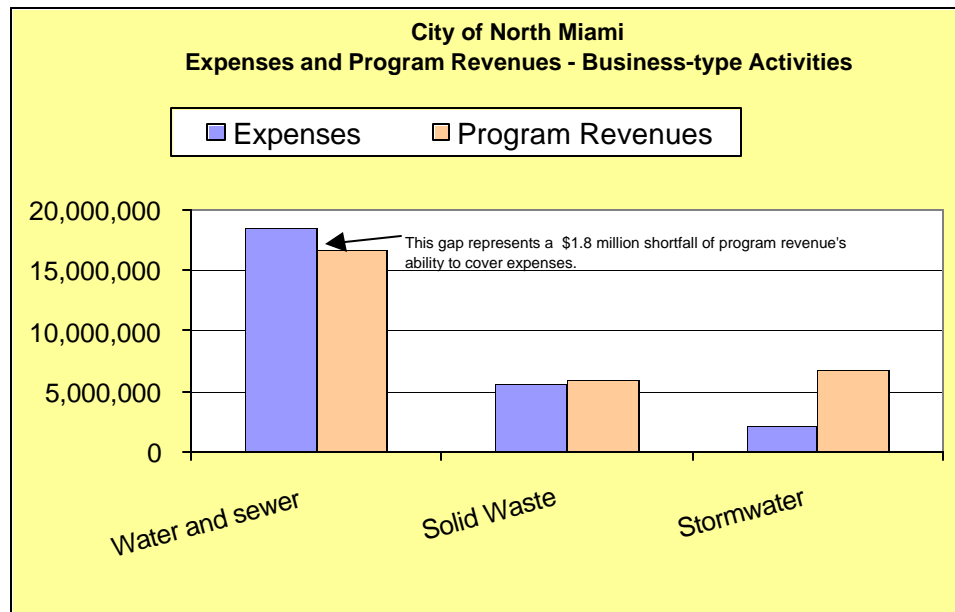
# City of North Miami, Florida

## Management's Discussion and Analysis

### Business-type Activities

Net assets of the City's business-type activities increased by \$5,067,528; the net assets increased from \$26,119,808 in the last fiscal year to \$31,187,336 in the current fiscal year.

- The primary reason for the increase in net assets was the recognition of \$5,183,121 in grants. These are non-recurring, non-operating revenue sources. Grants represented 17% of total revenues for the business-type activities.
- In the prior year, all three business-type activities reported operational losses that also generated reductions to net assets. While rate increases that were approved in early 2004 generated increases in net assets for two activities, these increases were offset by the continued operational losses and reduction in net assets in one other business-type activity. In contrast to the increase generated by the grants, the result of all other activities was a reduction of net assets of \$115,593.
- Charges for services represented 77% of the 2004 revenues for the business-type activities.
- Operating expenses (excluding depreciation) in the business-type activities increased by 4%, primarily due to personal services, including employee benefits.



# City of North Miami, Florida

## Management's Discussion and Analysis

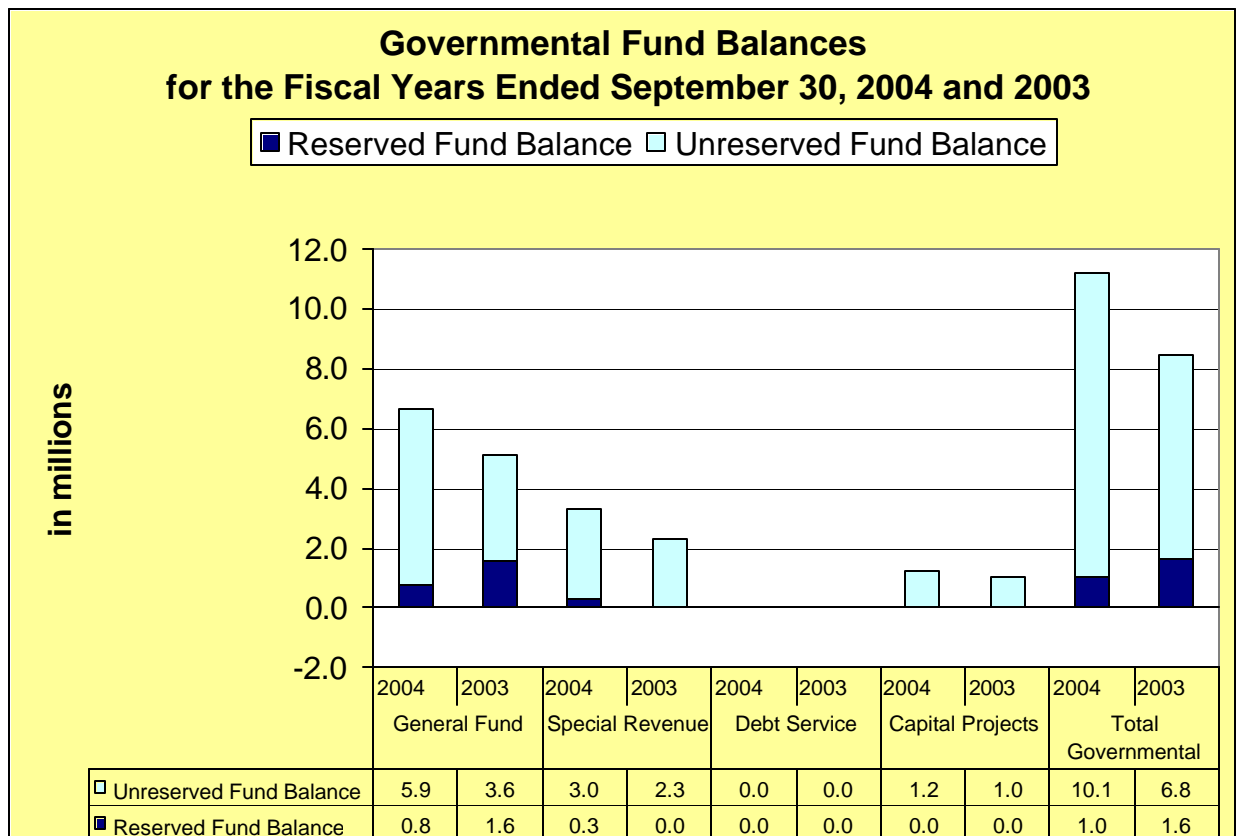
### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of North Miami uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2004, the City's governmental funds reported combined ending fund balances of \$11,158,834; an increase of \$2,737,592 in comparison with the prior year. Approximately 91% of the ending fund balance (\$10,141,011) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,008,794), or 2) for other restricted purpose (\$9,029). It is important to note, that although available for spending, \$3,030,695 and \$1,241,023 are the unreserved fund balances for the special revenue funds and the capital project funds respectively. These funds were set up to separately account for certain revenue sources that are legally restricted to expenditure for specified purposes.



# City of North Miami, Florida

## Management's Discussion and Analysis

### *General Fund*

The General Fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated to another fund by law or contractual commitment are accounted for in this fund. General operating expenses and capital improvement costs not paid through

another fund are paid from this fund. At September 30, 2004 unreserved fund balance of the General Fund was \$5,870,488, while total fund balance was \$6,620,959. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

General Fund	2004	2003
Unreserved fund balance	\$5,870,488	\$3,552,376
As percentage of total fund expenditures	16%	11%
Total fund balance	\$6,620,959	\$5,107,756
As percentage of total fund expenditures	18%	15%

The fund balance of the City's General Fund increased by \$1,513,203 during the current fiscal year. Total revenues increased by 9%, while total General Fund expenditures also increased by 9% over the prior year. The amount of revenue increase exceeded that of the expenditures resulting in the fund balance increase and allowing the City to maintain a healthy general fund surplus reserve.

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

General Fund	2004	Percent	(Restated)	Percent	Increase	Percentage
Revenues	Amount	of Total	2003	of Total	(Decrease)	of Increase
			Amount		From 2003	(Decrease)
Property taxes	\$13,647,612	36%	\$12,198,658	35%	\$1,448,954	12%
Utility service taxes	2,458,734	6%	2,521,259	7%	(62,525)	-2%
Communication service tax	1,729,145	5%	1,713,857	5%	15,288	1%
Sales and use taxes	882,228	2%	916,554	3%	(34,326)	-4%
Franchise fees	2,841,720	7%	2,706,832	8%	134,888	5%
Licenses and permits	1,348,970	4%	1,183,969	3%	165,001	14%
Intergovernmental	7,253,821	19%	5,666,216	16%	1,587,605	28%
Charges for services	6,002,864	16%	6,027,983	17%	(25,119)	0%
Fines and forfeitures	371,843	1%	314,662	1%	57,181	18%
Other, including interest	1,864,731	5%	1,846,230	5%	18,501	1%
Total revenues	\$38,401,668	100%	\$35,096,220	100%	\$3,305,448	9%

- Property tax revenues increased 12%. All of this as a result of increased property values and new construction. The operating tax rate remained unchanged at \$8.500 per \$1,000 of assessed value.
- Licenses and permits reflect the increased activity of rehabilitation and revitalization of homes and businesses within the City.
- Intergovernmental revenues included a \$1 million sidewalk improvement grant, and \$159,000 in FEMA reimbursement funds.
- In 2004, other revenues included the following one-time non-recurring items:
  - \$815,000 in reimbursements from a surplus in Risk Management Internal Service Fund resulting from recent actuarial study that reported reductions in the estimated claims liabilities for workers' compensation and general liability.
  - \$349,000 in litigation settlements
  - \$333,333 pursuant to the Biscayne Landing development project agreement.

# City of North Miami, Florida

## Management's Discussion and Analysis

Expenditures in the General Fund are shown in the following schedule :

General Fund Expenditures	2004 Amount	Percent of Total	(Restated)	Percent of Total	Increase (Decrease) From 2003	Percentage of Increase (Decrease)
			2003 Amount			
General government:						
Departmental	\$5,692,603	16%	\$5,667,488	17%	\$25,115	0%
Non-departmental	7,857,683	22%	5,812,367	18%	2,045,316	35%
Public Safety	11,841,966	33%	11,631,699	35%	210,267	2%
Cultural/Recreation	5,150,279	14%	4,943,670	15%	206,609	4%
Community, planning and development	1,743,848	5%	1,815,855	5%	(72,007)	-4%
Highways and streets	2,159,746	6%	2,208,375	7%	(48,629)	-2%
Grants/aid	386,617	1%	390,513	1%	(3,896)	-1%
Capital outlay	1,396,667	4%	673,983	2%	722,684	107%
Total expenditures	\$36,229,409	100%	\$33,143,950	100%	\$3,085,459	9%

- Public safety accounts for over one-third of the General Fund's budget. The 2% increase is primarily due to anticipated decreases in personal services as a result of staff vacancies.
- Increases in capital outlays resulted from grant funded projects and previously deferred projects.
- The most significant increase was in Non-Departmental. The following contributed to this increase:
  - \$1,557,595 increase in employer contributions to the pension plans
  - \$146,076 increase due to termination payouts to retirees.
  - \$132,577 increase in premiums for the employee's group health insurance
  - \$76,082 increase due to hurricane-related wages, and disaster assistance provided to others
  - \$102,794 increase in the general liability premiums charged by the Risk Management Self Insurance Fund to recover costs for claims paid and to fund long-term claims payable.

### *Other governmental funds (non major)*

Significant items pertaining to other governmental funds (non major) are as follows:

- Special Revenue unreserved fund balance at year end was \$3,030,695; an increase of \$768,295:
  - The most significant increase was \$1,254,888 in additional tax revenues from the Half Cent Transportation Surtax. The fund reported an unreserved yearend fund balance of \$2,134,231.
  - Decreased activity, during 2004, in providing home rehabilitation grants to homeowners generated an increase in net assets that eliminated a deficit of \$173,490 in the Local Housing Assistance (SHIP) Fund, and produced an unreserved fund balance of \$322,140 at year end.
  - A portion of the fund balance decrease was in the Landfill Closure Fund, where debt retirement exceeded draw downs from an existing line of credit (notes payable). While this fund reflects an ending fund balance of \$190,604, the related notes payable had an outstanding balance of \$1,830,444 at yearend. As part of an agreement with the developer of a multi-million dollar project at the former dump site, the developer has committed to providing the funding for the remaining debt service. In 2004, an agreement for annual grant funding was amended a one-time grant of \$31 million to cover the City's estimated environmental liability. The funding will not be available until early fiscal year 2005. The City will use the funds to pay the developer for the closure and remediation of the site, as the developer moves forward with the project.
  - Debt Service funds reflect a small deficit fund balance of \$1,195, which will be eliminated in 2005.
  - Capital Projects funds reported an unreserved fund balance of \$1,241,023 at year end. The \$257,059 increase was primarily due to Transportation Gas Tax monies received in 2004.

# City of North Miami, Florida

## **Management's Discussion and Analysis**

### *Internal Service Funds*

Significant items pertaining to internal service funds are as follows:

- The Group Health Risk Management Fund's net assets continue to decrease. A few years ago, the City elected not to be self-insured with respect to health care insurance for its employees. As a result, the reserve that had been accumulated over previous years is being partially used each year to pay insurance premiums for employees' health care benefits. The fund balance of \$5,857 will be advanced to the General Fund in 2005, thereby closing this fund at that time.
- The General Risk Management Fund reflects no net assets, because it annually charges the user funds an amount equal to the actuarially determined funding level required to fully fund its workers compensation and general liability estimated long-term claims payable. During 2004, a new actuarial study was conducted to determine the estimated claims liability and annual funding requirements. The study indicated that the claims liability could be reduced. This resulted in refunds to the user funds for the surplus that was generated from the adjustment to the estimated claims liability.
- The Fleet Management Fund decreased its net assets by \$192,101. Its net assets at yearend were \$5,860,910. This fund is responsible for the maintenance of the City's fleet of vehicles and heavy equipment. Investments in capital assets represent \$3,479,721; the remaining unrestricted net assets of \$2,381,189 are accumulated for vehicle and equipment replacement.

### **Proprietary Funds**

In addition to the items already addressed in the discussion of the City's business-type activities, other significant items pertaining to proprietary funds are as follows:

- The Water & Sewer Utility posted an operating loss of \$1,796,214 for 2004, compared to a loss of \$1,546,962 in 2003. While operating revenues were up 1% as a result of slight increases in consumption levels, the operating expenses incurred in generating those revenues increased by 2%. Cost increases included 7% increases in personal expenses, with the employer pension contributions representing the most significant component of this increase. Although sewage disposal costs were slightly reduced as a benefit of the fund's sewer relining program, the cost of water purchases from the County increased by 17%, primarily due to a rate increase. On the other hand, the fund has not approved a customer rate increase since fiscal year 2000. No rate increases were proposed for 2005.
- For the first time since 1998, the Stormwater Utility reported operating income of \$429,426 for 2004, compared to an operating loss of \$321,144 in 2003. Personnel services increased by 17%, primarily due to the employer pension contribution. Although approved rate assessments were almost doubled during 2004, the increased revenues generated were only intended to partially fund the unrestricted net assets deficit, provide for debt service payments, and to cover 2004 operational costs. No inflationary rate increases were proposed for 2005.
- For the first time since 1998, the Solid Waste Fund reported operating income of \$211,196 for 2004, compared to an operating loss of \$489,831 in 2003. Operating expenses increased by 5%, primarily due to non-recurring expenses for the purchase of garbage containers for the implementation of a new automated collection system, costs related to hurricane debris pickup, and the cost of employer pension contributions. The new automated collection system, when fully implemented is expected to keep operating costs down. The customer rates were increased in 2004 to cover current operating expenses, and to partially fund deficits in net assets generated from prior years' losses that resulted from inadequate rates. No inflationary rate increases were proposed for 2005.

### **Fiduciary Funds**

Although recovering market conditions continued through 2004, investment income was slightly lower than last year by almost \$150,000. The plans' investment policies set the portfolio allocation at 60% equities and 40% fixed income. Additionally, based on prior years' actuarial valuations and poor investment performance, required employer contributions in 2004 increased by \$2.1 million. Also during 2004, there were \$2.2 million fewer retirement benefit payouts than the previous year. As a result, both plans posted increases in net assets totaling \$5,286,130.

# City of North Miami, Florida

## Management's Discussion and Analysis

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget did not result in changes to total appropriations. Instead the changes were between departments (the budgetary level of control for the General Fund) and can be briefly summarized as follows:

- \$36,799 in increases for general government departmental activities
  - \$27,799 in increases for mayor/council
  - \$6,500 in increases for city manager's office
  - \$2,500 in increases for the city clerk's office
- \$2,500 in increases for cultural/recreation (museum)
- \$39,299 in decreases from non-departmental (employee benefits)

Even with these adjustments, actual expenditures were \$5,625,168 below final budget amounts. On the other hand, resources available for appropriations from current year activities were only \$525,969 below the final budget amount. Other net financing sources were also below budgeted amounts. This resulted in an overall positive variance of \$4,634,739 between the final budgeted net decrease in fund balance of \$2,055,159 and the actual net increase of \$2,579,580. Summarized below are the significant variances accompanied by an explanation:

- Licenses and permits: Construction Permits, Unfavorable \$717,686 variance
  - Approximately \$900,000 in anticipated building permit revenues were not realized as a result of the Biscayne Landing project that got underway late in the fiscal year. This was slightly offset by favorable variances in revenues from the issuance of certificates of re-occupancy and other permits that reflected increased activity in property sales and home improvements in 2004.
- Intergovernmental: Grants, Unfavorable \$1.6 million variance
  - \$2.1 million in grant-related appropriations were budgeted in anticipation of grants (\$1.1 million in police-related grants) that were never awarded in 2004. Conversely, the net aggregate activity from awarded grants produced a \$500,000 favorable variance.
- Other: Other, Favorable \$921,706 variance
  - Approximately \$815,000 is from a refund from the Risk Management Fund for the surplus that resulted after a recent actuarial study reduced the estimated liability in that fund. The refund represents insurance premiums paid in prior years for workers' compensation and general liability.
- Public Safety: Favorable \$1.1 million variance
  - The police department has a full time grants writer, who researches and applies for grants. \$1.1 million was appropriated in anticipation of receiving such grants, but these were never awarded.
- Parks and Recreation: Favorable \$683,863 variance
  - \$455,000 was appropriated for implementation of the transit circulator system which was expected to be funded from a grant. Instead, the project was funded through the Half Cent Transportation Surtax Fund.
- Community Planning and Development: Favorable \$920,944 variance
  - \$736,000 related to building and inspection consulting services for the Biscayne Landing development project was deferred to later in the fiscal year. \$100,000 in costs for the acquisition of a new permitting software was deferred, pending a city-wide conversion to a new financial management system.
- Capital Outlay: Favorable \$1.2 million variance
  - Construction of the Pepper Park Youth Intervention Center has been deferred to 2005.
  - The Transit Circulator expected to be funded by a grant, was instead funded elsewhere.



# City of North Miami, Florida

## Management's Discussion and Analysis

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The City of North Miami's investment in capital assets for its governmental and business-type activities as of September 30, 2004, amounts to \$72,716,027 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, enterprise funds' infrastructure, machinery and equipment, and library books. The investment does not include governmental infrastructure assets prior to 2002, as the City has elected to defer inclusion of these assets to a future year.

Capital Assets (net of depreciation)	Governmental Activities		Business-type Activities		Totals	
	(Restated)		(Restated)		(Restated)	
	2004	2003	2004	2003	2004	2003
Capital assets, not being depreciated:						
Land	\$15,879,028	\$15,879,028	\$660,312	\$660,312	\$16,539,340	\$16,539,340
Construction in progress	46,474	-	-	-	46,474	-
Total capital assets, not being depreciated	15,925,502	15,879,028	660,312	660,312	16,585,814	16,539,340
Capital assets, being depreciated, net:						
Land Improvements	2,568,818	3,473,651	5,306	6,204	2,574,124	3,479,855
Buildings/utility plant and improvements	14,640,268	15,076,474	394,790	405,793	15,035,058	15,482,267
Infrastructure	5,273,234	3,956,584	27,675,473	22,899,688	32,948,707	26,856,272
Machinery and equipment	4,183,249	4,832,406	1,038,414	1,190,356	5,221,663	6,022,762
Library books	350,661	342,373	-	-	350,661	342,373
Total capital assets, being depreciated, net	27,016,230	27,681,488	29,113,983	24,502,041	56,130,213	52,183,529
<b>Total</b>	<b>\$42,941,732</b>	<b>\$43,560,516</b>	<b>\$29,774,295</b>	<b>\$25,162,353</b>	<b>\$72,716,027</b>	<b>\$68,722,869</b>

The total increase in the City's investment in capital assets for the current fiscal year was 5.8% (\$3,993,159). The gross additions to capital assets before depreciation, equaled \$2,535,891 for governmental and \$6,158,703 for business-type activities. The 2003 balance of governmental activities was restated for a \$6,341,398 prior period adjustment of accumulated depreciation on land improvements related to GASB 34; the business-type activities balance was restated for a \$41,122 prior period adjustment for an overstated land parcel. This year's major capital asset additions (approximately) included:

- \$5.4 million in stormwater drainage improvement projects. This is the second year of \$11.3 million in improvements that are being funded by a loan (\$5.6 million) and by a FEMA grant (\$5.7 million).
- \$1 million in sidewalk improvements funded through a grant.
- \$322,000 in water and sewer projects. Projects include sanitary sewer line rehab projects (relining of sewer lines) which are ongoing. Other costs represent upgrades of lift stations and utility lines.
- \$216,000 in capital projects funded by the ½ cent transportation surtax. Projects included street and median landscaping, street closures, swale improvements and street closures.
- \$459,000 in building improvements including \$308,000 for improvements to the water plant.
- \$741,000 in vehicular assets (fleet). This included 20 police vehicles, a crane truck for parks, and a bucket truck and two utility vehicles for the street maintenance division.
- \$238,000 in equipment. This included about \$92,000 in computer equipment.
- \$308,000 in contributed assets from developers.
- \$126,000 in new books.
- \$120,000 in other capital improvements to buildings, land and infrastructure.

Additional information on the City's capital assets can be found in note 7 on pages 48-50 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

### Long-term debt

At September 30, 2004, the City had total bonded debt outstanding of \$24,265,444. Of this amount, \$2,780,000 comprises debt backed by the full faith and credit of the City. The remaining debt is composed of special obligation bonds, loans and notes payable that are secured by non-ad valorem revenues through covenants to budget and appropriate.

Long-term Debt	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
General obligation debt	\$2,780,000	\$3,060,000	\$ -	\$ -	\$2,780,000	\$3,060,000
Special obligation bonds	14,475,000	14,635,000	-	-	14,475,000	14,635,000
Loans, notes payable and other obligations	1,830,444	2,306,760	5,180,000	5,360,000	7,010,444	7,666,760
Revenue bonds	-	-	-	4,440,000	-	4,440,000
<b>Total</b>	<b>\$19,085,444</b>	<b>\$20,001,760</b>	<b>\$5,180,000</b>	<b>\$9,800,000</b>	<b>\$24,265,444</b>	<b>\$29,801,760</b>

The City's total debt decreased by \$5,536,316 (19 %) during the current fiscal year. The key factor in this decrease was the retirement of \$4,440,000 in Water & Sewer Revenue Bonds. \$2,570,000 of the bonds matured and were paid on February 1, 2004, and \$1,870,000 in bonds were called for early redemption on August 1, 2004. Debt retirement on other bond issues and outstanding loans made up the remaining decrease in the City's total long-term debt.

Annual debt service on the general obligation debt approximates \$415,000 over the life of the debt, with a maturity of May 1, 2012. Annual debt service on the loan (stormwater projects) approximates \$440,000 over the life of the loan, with a maturity of November 1, 2021. Annual debt service on the special obligation (pension) bonds approximates \$1.2 million over the life of the bonds with a maturity of July 1, 2032. The note payable (environmental cleanup) will be paid off on December 1, 2005.

The Taxable Special Obligation Refunding Bonds (Pension Funding Project) Series 2002 had a rating of **AAA/A-1/Stable** by both Standard and Poor's (November 2002) and Fitch Ratings (December 2002). The ratings reflect the existence of a bond insurance policy.

The loans and notes payable are not rated. The State of Florida does not impose a debt limitation on municipalities.

Additional information on the City's long-term debt can be found in note 8 on pages 51-57 of this report.

# City of North Miami, Florida

## Management's Discussion and Analysis

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

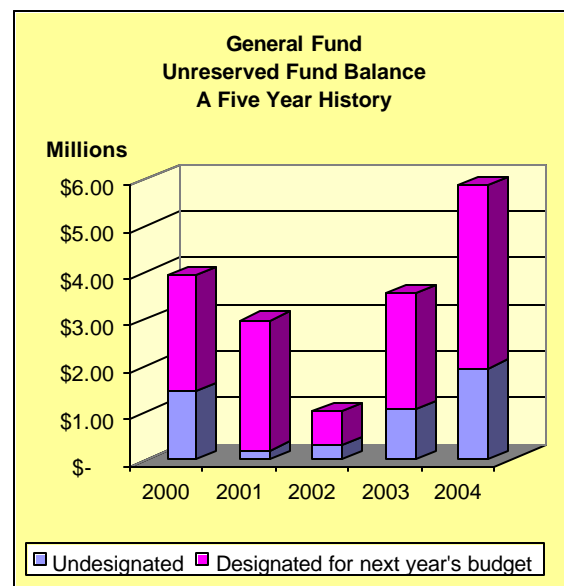
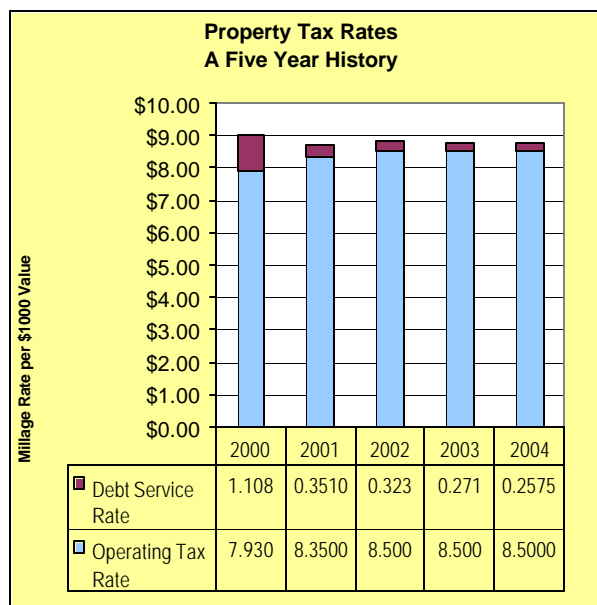
The City's local economy is primarily based upon retail and service activities. Very few areas in the City remain undeveloped, because the City is basically built out. One exception is the former Munisport site, which is the City's last remaining large parcel of open space. This property is being developed into a major project, n/k/a Biscayne Landing that will provide new revenue streams for the City in the future. Additionally, the City's recently adopted comprehensive economic development plan formulates strategies and goals for neighborhood and commercial revitalization, a primary focus of the City for achieving economic growth. During 2004, the City made significant progress towards the creation of Community Redevelopment Agency ("CRA") to further the movement of city-wide redevelopment. Final approval of the CRA is expected in 2005.

The State of Florida limits all local government's ability to increase taxable property values in any given year to 3% or cost of living, whichever is lower. Additionally, the first \$25,000 of assessed value is exempt from taxation on homestead property. The City is primarily residential in character and as a result the tax base is not expected to grow as fast as the City's budget. For many years, the City, just like many cities across the country, has had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect. The continued trend of low interest mortgage rates has generated activity in the real estate market, both from sales and refinancing. This activity provides the opportunity for parcel reassessments that lead to increased property values. In 2004, revenues from property taxes increased by 12%, primarily due to this activity.

Between 1999 and 2004, the City's General Fund budget has increased approximately 44%. During this same period, the consumer price index increased just over 13%. The difference in the rate of growth has been attributed to the expansion of programming and the operation of new facilities.

During the current fiscal year, unreserved fund balance in the general fund increased to \$5,870,488. The City has appropriated \$3,911,161 of this amount for spending in the 2005 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2005 fiscal year.

The charts below present a five year history the City's operating tax rate and unreserved balances:

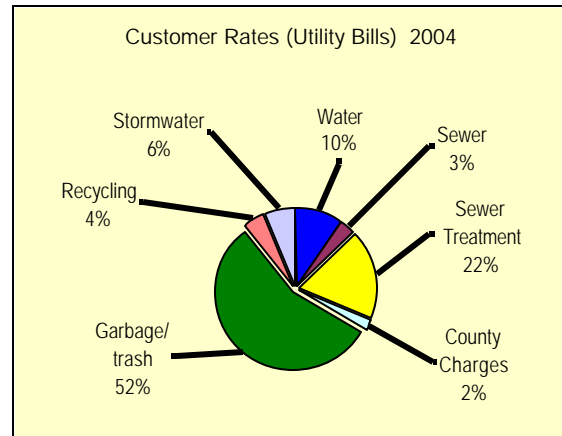


# City of North Miami, Florida

## Management's Discussion and Analysis

The chart below reflects a five-year history of annual rates (utility bills) affecting a single family home inside the City that uses 60,000 gallons during the year (an average of 5,000 gallons/month; the minimum charge):

		Fiscal Years				
Customer Rates-Annual		2000	2001	2002	2003	2004
Water & Sewer	Water	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00	\$ 84.00
	Sewer	26.04	26.04	26.04	26.04	26.04
	Sewer Treatment	159.60	159.60	159.60	159.60	159.60
	County Charges	20.24	20.24	20.24	20.24	20.24
Solid Waste	Garbage/trash	378.00	378.00	384.00	384.00	483.00
	Recycling	21.96	-	29.16	29.16	37.92
	Stormwater	25.20	25.20	25.20	25.20	55.80
	<b>Totals</b>	<b>\$715.04</b>	<b>\$693.08</b>	<b>\$728.24</b>	<b>\$728.24</b>	<b>\$866.60</b>



Since 1998, the Solid Waste and Stormwater Utility funds have both been reporting operating losses as a result of little or no rate increases over the five-year period from 1998 to 2003. During this time, sanitation rates were increased only 4% from \$366/year to \$384/year. This represents an annual increase of about .8%. The stormwater rate had only been increased by 5% over that same five-year period. On December 1, 2003, the City approved rate increases for both of these activities, which resulted in operating income for both funds for 2004. The increases were only intended to cover current operations, including the debt service on the stormwater loan, as well as to fund deficits in unrestricted net assets. As for the Water & Sewer Utility, this fund has not had a rate increase since 2000, and as a result it is dependent on using its unrestricted net assets to balance its 2005 budget. At year end this balance was \$2,798,388. All utility rates should be reviewed and adjusted for inflation annually, to prevent future “catch-up” rate increases.

During fiscal year 2005, the City will be looking at the following programs:

- Initial phases of construction for the City’s proposed development, n/k/a *Biscayne Landing*, is expected to provide the City with a significant revenue stream in the future.
- As part of the development agreement, and the City is also pursuing the following:
  - A municipal charter school for grades 9 through 12
  - Renovation and expansion of the existing City library
  - An Olympic training center
- The creation of the Community Redevelopment Area, and the Agency that will oversee its activities. This is expected to increase the quantity and enhance the quality of commercial, industrial and housing development adding substantially to the tax base of the City and the redevelopment area.
- Implementation of the “one-arm bandit” trucks to provide more efficient sanitation services.
- Completion of the Comprehensive Plan Amendment
- Preparation of the Transportation Master Plan
- Identification of new and additional sources of revenue.
- Participation in the County’s Building Better Communities’ General Obligation Bond Program.
- Aggressive pursuit of additional grant funding opportunities.
- Providing owners with housing rehabilitation grants funded by CDBG, SHIP and HOME funds.
- Continued improvements to the stormwater drainage system.
- The construction of the Pepper Park Youth Intervention Center to benefit the community’s youth.

All of these factors were considered in preparing the City of North Miami’s budget for the 2005 fiscal year.

## **City of North Miami, Florida**

### **Management's Discussion and Analysis**

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of North Miami's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Carlos M. Perez  
Finance Director  
Finance Department  
City of North Miami  
776 NE 125 Street  
North Miami, Florida, 33161

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# **BASIC FINANCIAL STATEMENTS**

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# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2004

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-</u>		<u>Unit</u>
	<u>Activities</u>	<u>type</u>	<u>Total</u>	<u>MoCA</u>
		<u>Activities</u>		
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,771,066	\$ 1,167,911	\$ 4,938,977	\$ 84,413
Investments	12,750,000	1,500,000	14,250,000	-
Receivables	33,894,825	8,214,282	42,109,107	345,980
Internal balances	(328,844)	328,844	-	-
Inventories and supplies	59,426	388,482	447,908	10,272
Net pension asset	8,474,809	-	8,474,809	-
Deferred charges	440,426	89,883	530,309	-
Net investment in sales-type lease	-	552,004	552,004	-
Restricted assets:				
Cash and investments	-	1,649,152	1,649,152	81,928
Other assets	76,818	6,442	83,260	1,210
Capital assets, not being depreciated	15,925,502	660,312	16,585,814	-
Capital assets, being depreciated, net	<u>27,016,230</u>	<u>29,113,983</u>	<u>56,130,213</u>	<u>20,721</u>
Total assets	<u>102,080,258</u>	<u>43,671,295</u>	<u>145,751,553</u>	<u>544,524</u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	1,745,467	2,061,696	3,807,163	93,264
Contracts payable - retainage	34,765	-	34,765	-
Interest payable	85,931	106,635	192,566	-
Deposits and performance bonds	25,279	2,105,420	2,130,699	-
Due to other governmental units	5,801	1,201,428	1,207,229	-
Unearned revenue	2,033,555	-	2,033,555	-
Noncurrent liabilities:				
Due within one year	12,661,759	210,000	12,871,759	-
Due in more than one year	<u>44,891,806</u>	<u>6,798,780</u>	<u>51,690,586</u>	<u>-</u>
Total liabilities	<u>61,484,363</u>	<u>12,483,959</u>	<u>73,968,322</u>	<u>93,264</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	38,331,288	24,745,687	63,076,975	-
Restricted for:				
Capital projects	-	3,815,508	3,815,508	-
Law enforcement	207,135	-	207,135	-
Transportation	3,162,438	-	3,162,438	-
Museum operations	-	-	-	240,664
Grant related expenses	478,582	-	478,582	-
Unrestricted	<u>(1,583,548)</u>	<u>2,626,141</u>	<u>1,042,593</u>	<u>210,596</u>
Total net assets	<u>\$ 40,595,895</u>	<u>\$ 31,187,336</u>	<u>\$ 71,783,231</u>	<u>\$ 451,260</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2004

		Net (Expense) Revenue and Changes in Net Assets						
Functions/Programs	Expenses	Program Revenues			Primary Government			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	Unit
MoCA								
Primary government:								
Governmental activities:								
General government	\$ 14,901,830	\$ 6,531,127	\$ 5,147,042	\$ -	\$ (3,223,661)	\$ -	\$ (3,223,661)	\$ -
Highways and streets	2,585,706	30,916	3,203,658	1,416,115	2,064,983	-	2,064,983	-
Public safety	12,956,769	227,086	540,497	-	(12,189,186)	-	(12,189,186)	-
Culture/recreation	5,683,795	436,445	62,241	88,993	(5,096,116)	-	(5,096,116)	-
Community planning and development	2,338,699	1,067,220	435,317	-	(836,162)	-	(836,162)	-
Physical environment	1,046,250	-	31,122,548	-	30,076,298	-	30,076,298	-
Economic environment	48,459	-	501,511	-	453,052	-	453,052	-
Interest on long-term debt	1,316,044	-	-	-	(1,316,044)	-	(1,316,044)	-
Total governmental activities	40,877,552	8,292,794	41,012,814	1,505,108	9,933,164	-	9,933,164	-
Business-type activities:								
Water and sewer	18,412,385	16,446,720	47,582	97,780	-	(1,820,303)	(1,820,303)	-
Solid waste	5,599,198	5,810,394	85,509	-	-	296,705	296,705	-
Stormwater	2,161,989	1,837,166	27,450	4,924,800	-	4,627,427	4,627,427	-
Total business-type activities	26,173,572	24,094,280	160,541	5,022,580	-	3,103,829	3,103,829	-
Total primary government	\$ 67,051,124	\$ 32,387,074	\$ 41,173,355	\$ 6,527,688	9,933,164	3,103,829	13,036,993	-
Component unit:								
MoCA	\$ 2,225,826	\$ 417,349	\$ 1,777,392	\$ -	-	-	-	(31,085)
General revenues:								
Property taxes levied for general purposes					13,647,612	-	13,647,612	-
Property taxes levied for debt service					422,091	-	422,091	-
Utility taxes					2,458,734	-	2,458,734	-
Communication service tax					1,729,145	-	1,729,145	-
Franchise fees based on gross receipts					2,841,720	-	2,841,720	-
Unrestricted investment earnings					229,920	193,016	422,936	495
Miscellaneous revenues					1,384,100	1,774,127	3,158,227	2,095
Transfers					3,444	(3,444)	-	-
Total general revenues and transfers					22,716,766	1,963,699	24,680,465	2,590
Change in net assets					32,649,930	5,067,528	37,717,458	(28,495)
Net assets - beginning, as previously reported					14,287,363	26,160,930	40,448,293	479,755
Prior period adjustment (see Note 15)					(6,341,398)	(41,122)	(6,382,520)	-
Net assets - beginning, as restated					7,945,965	26,119,808	34,065,773	479,755
Net assets - ending					\$ 40,595,895	\$ 31,187,336	\$ 71,783,231	\$ 451,260

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 625,452	\$ 1,695,160	\$ 2,320,612
Investments	4,100,000	2,450,000	6,550,000
Receivables, net	2,028,157	782,832	2,810,989
Due from other funds	968,371	57,190	1,025,561
Interfund receivable	804,599	-	804,599
Inventories and supplies	9,029	-	9,029
Other assets	50,271	4,045	54,316
Total assets	<u>\$8,585,879</u>	<u>\$ 4,989,227</u>	<u>\$ 13,575,106</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$1,430,640	\$ 71,275	\$ 1,501,915
Accrued bond interest	-	20,433	20,433
Contract payable - including retainage	19,933	14,832	34,765
Deposits and performance bonds	25,279	-	25,279
Due to other funds	22,046	285,642	307,688
Interfund payable	88,184	-	88,184
Due to other governmental units	3,721	157	3,878
Deferred revenue	75,874	59,013	134,887
Unearned revenue	299,243	-	299,243
Total liabilities	<u>1,964,920</u>	<u>451,352</u>	<u>2,416,272</u>
Fund balances:			
Reserved:			
Encumbrances	741,442	267,352	1,008,794
Inventories and supplies	9,029	-	9,029
Unreserved reported in:			
General fund:			
Undesignated	5,445,888	-	5,445,888
Designated for accumulated vacation and sick leave	424,600	-	424,600
Special revenue fund	-	3,030,695	3,030,695
Debt service funds	-	(1,195)	(1,195)
Capital projects fund	-	1,241,023	1,241,023
Total fund balances	<u>6,620,959</u>	<u>4,537,875</u>	<u>11,158,834</u>
Total liabilities and fund balances	<u>\$8,585,879</u>	<u>\$ 4,989,227</u>	

See notes to basic financial statements.

**CITY OF NORTH MIAMI, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2004**

Total fund balances for governmental funds (page 25)	\$ 11,158,834
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	39,459,822
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	31,467,426
A negative NPO (net pension obligation) is not considered to represent a financial asset and therefore is not reported in the governmental funds.	8,474,809
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities, except for portions payable early in the following year for which sufficient resources have been accumulated in the funds to liquidate the liabilities.	
These liabilities consist of:	
Compensated absences	\$ (6,317,549)
Bonds payable	(12,246,858)
Notes payable	(1,830,444)
Loan payable	(2,771,989)
Interest payable	(65,498)
Remediation and landfill closure costs	<u>(31,000,000)</u>
Total long-term liabilities	(54,232,338)
Unearned revenue in governmental funds is susceptible to full accrual on the entity-wide statements.	
Unearned revenue	(1,599,425)
Internal service funds are used by management to charge the costs of risk management, fleet management, and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	<u>5,866,767</u>
Net assets of governmental activities	<u>\$ 40,595,895</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Taxes	\$21,559,439	\$ 422,091	\$ 21,981,530
Licenses and permits	1,348,970	-	1,348,970
Intergovernmental	7,253,821	3,146,982	10,400,803
Charges for services	6,002,864	-	6,002,864
Fines and forfeitures	371,843	205,062	576,905
Other (including interest)	1,864,731	276,299	2,141,030
Total revenues	<u>38,401,668</u>	<u>4,050,434</u>	<u>42,452,102</u>
Expenditures:			
Current:			
General government	13,550,286	-	13,550,286
Highways and streets	2,159,746	245,668	2,405,414
Public safety	11,841,966	353,052	12,195,018
Culture/recreation	5,150,279	-	5,150,279
Community planning and development	1,743,848	394,623	2,138,471
Physical environment	-	176,350	176,350
Economic environment	-	13,759	13,759
Grants/aid	386,617	192,228	578,845
Capital outlay	1,396,667	408,472	1,805,139
Debt service:			
Principal retirement	-	1,416,316	1,416,316
Interest and fiscal charges	-	1,213,873	1,213,873
Total expenditures	<u>36,229,409</u>	<u>4,414,341</u>	<u>40,643,750</u>
Excess (deficiency) of revenues over expenditures	<u>2,172,259</u>	<u>(363,907)</u>	<u>1,808,352</u>
Other financing sources (uses):			
Transfers in	477,992	1,224,808	1,702,800
Transfers out	(1,137,997)	(136,512)	(1,274,509)
Debt issued	-	500,000	500,000
Total other financing sources (uses)	<u>(660,005)</u>	<u>1,588,296</u>	<u>928,291</u>
Net change in fund balances	1,512,254	1,224,389	2,736,643
Fund balances - beginning	5,107,756	3,313,486	8,421,242
Increase in inventory reserve	949	-	949
Fund balances - ending	<u>\$ 6,620,959</u>	<u>\$ 4,537,875</u>	<u>\$ 11,158,834</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES YEAR ENDED SEPTEMBER 30, 2004

Net change in fund balances-total governmental funds (page 27)	\$ 2,736,643
Amounts reported for governmental activities in the statement of activities (page 24) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	
The details of the difference are as follows:	
Capital outlay	\$ 1,805,139
Depreciation expense	<u>(1,972,983)</u>
Net adjustment	(167,844)
In governmental funds, the proceeds received from dispositions of capital assets increases financial resources. In the statement of activities a gain or loss on sales, trade-ins, or other dispositions of capital assets is reported. Therefore, the change in net assets differs from the change in fund balance by the net book value of capital assets disposed.	(8,223)
Governmental funds do not report the donation of capital assets not held for resale.	
Such donations are a transaction that is reported in the statement of activities.	3,500
The issuance of long-term debt (e.g., bonds, loans,) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued whereas these amounts are deferred and amortized in the statement of activities.	
The details of the difference are as follows:	
Debt issued:	
Notes payable	(500,000)
Principal payments:	
FMLC loan (General Obligation)	280,000
Pension Obligation Bonds	160,000
Notes payable	<u>976,316</u>
Net adjustment	916,316
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
The details of the difference are as follows:	
Compensated absences	(692,481)
Accrued interest	(12,851)
Amortization of deferred charge on refunding	(131,627)
Amortization of issuance costs	(20,191)
Amortization of loan premium	7,947
Amortization of interest rate swap proceeds	62,498
Amortization of net pension asset	<u>(446,206)</u>
Net adjustment	(1,232,911)
Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported when earned.	30,946,111
Internal service funds are used by management to charge the costs of risk management, fleet management, and health insurance premiums to individuals funds.	
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(543,662)</u>
Change in net assets of governmental activities (page 24)	<u><u>\$ 32,649,930</u></u>

See notes to financial statements.



# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u>	
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 569,174	\$ 298,707	\$ 300,030	\$ 1,167,911	\$ 1,450,454
Investments	1,500,000	-	-	1,500,000	6,200,000
Receivables	3,514,456	822,068	3,877,758	8,214,282	56,836
Due from other funds	875,883	102,892	8,449	987,224	97,792
Inventories and supplies	388,482	-	-	388,482	50,397
Other assets	6,327	-	115	6,442	22,502
Restricted assets:					
Cash held by agent	-	-	1,649,152	1,649,152	-
Total current assets	<u>6,854,322</u>	<u>1,223,667</u>	<u>5,835,504</u>	<u>13,913,493</u>	<u>7,877,981</u>
Non-current assets:					
Interfund receivable	429,464	411,570	33,796	874,830	221,422
Deferred charges	-	-	89,883	89,883	-
Net investment in sales-type lease	552,004	-	-	552,004	-
Advances to other funds	214,062	-	-	214,062	162,356
Capital assets, net	<u>22,510,945</u>	<u>258,966</u>	<u>7,004,384</u>	<u>29,774,295</u>	<u>3,481,910</u>
Total non-current assets	<u>23,706,475</u>	<u>670,536</u>	<u>7,128,063</u>	<u>31,505,074</u>	<u>3,865,688</u>
Total assets	<u>30,560,797</u>	<u>1,894,203</u>	<u>12,963,567</u>	<u>45,418,567</u>	<u>11,743,669</u>

(Continued)

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

(Continued)

SEPTEMBER 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>				Governmental
	Water and	Solid	Stormwater		Activities-
	Sewer	Waste	Utility	Totals	Internal
	<u>Utility</u>	<u>Services</u>	<u>Utility</u>	<u>Totals</u>	<u>Funds</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 1,072,809	\$ 194,152	\$ 794,735	\$ 2,061,696	\$ 243,552
Due to other funds	9,282	515,780	783,136	1,308,198	494,691
Deposits and performance bonds	2,105,420	-	-	2,105,420	-
Due to other governmental units	1,201,420	-	8	1,201,428	1,923
Current portion of loan payable	-	-	185,000	185,000	-
Loan interest payable	-	-	106,635	106,635	-
Total current liabilities	<u>4,388,931</u>	<u>709,932</u>	<u>1,869,514</u>	<u>6,968,377</u>	<u>740,166</u>
Non-current liabilities:					
Compensated absences	825,406	671,395	105,915	1,602,716	371,691
Interfund payable	37,127	25,529	-	62,656	1,750,011
Estimated claims payable	-	-	-	-	3,015,034
Advances from other funds	-	280,891	95,527	376,418	-
Loan payable	-	-	5,221,064	5,221,064	-
Total non-current liabilities	<u>862,533</u>	<u>977,815</u>	<u>5,422,506</u>	<u>7,262,854</u>	<u>5,136,736</u>
Total liabilities	<u>5,251,464</u>	<u>1,687,747</u>	<u>7,292,020</u>	<u>14,231,231</u>	<u>5,876,902</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	22,510,945	258,966	1,975,776	24,745,687	3,481,910
Restricted for:					
Capital projects	-	-	3,815,508	3,815,508	-
Unrestricted (deficit)	<u>2,798,388</u>	<u>(52,510)</u>	<u>(119,737)</u>	<u>2,626,141</u>	<u>2,384,857</u>
Total net assets	<u>\$25,309,333</u>	<u>\$ 206,456</u>	<u>\$5,671,547</u>	<u>\$31,187,336</u>	<u>\$ 5,866,767</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	Water and Sewer <u>Utility</u>	Solid Waste <u>Services</u>	Stormwater <u>Utility</u>	<u>Totals</u>	
Operating revenues:					
Metered water sales	\$ 5,563,138	\$ -	\$ -	\$ 5,563,138	\$ -
Sanitary sewer sales	1,514,886	-	-	1,514,886	-
Sewage treatment charges	7,895,499	-	-	7,895,499	-
Solid waste services	-	5,810,394	-	5,810,394	-
Stormwater charges	-	-	1,837,166	1,837,166	-
Motor vehicle charges	-	-	-	-	3,043,404
Other charges for services	<u>1,473,197</u>	<u>-</u>	<u>-</u>	<u>1,473,197</u>	<u>1,835,420</u>
Total operating revenues	<u>16,446,720</u>	<u>5,810,394</u>	<u>1,837,166</u>	<u>24,094,280</u>	<u>4,878,824</u>
Operating expenses:					
Personal services	3,379,715	2,361,408	555,406	6,296,529	1,377,839
Sewage disposal and water charges	8,009,926	-	-	8,009,926	-
Solid waste disposal fees	-	1,414,558	-	1,414,558	-
Claims	-	-	-	-	769,539
Materials, supplies, services and other operating expenses	5,623,373	1,767,465	781,365	8,172,203	2,067,731
Depreciation	<u>1,229,920</u>	<u>55,767</u>	<u>70,969</u>	<u>1,356,656</u>	<u>1,156,378</u>
Total operating expenses	<u>18,242,934</u>	<u>5,599,198</u>	<u>1,407,740</u>	<u>25,249,872</u>	<u>5,371,487</u>
Operating income (loss)	<u>(1,796,214)</u>	<u>211,196</u>	<u>429,426</u>	<u>(1,155,592)</u>	<u>(492,663)</u>
Non-operating revenues (expenses):					
Interest income	126,538	-	53,180	179,718	96,895
Grants	145,362	85,509	4,952,250	5,183,121	6,966
Grants to others	-	-	(486,881)	(486,881)	-
Interest expense and fiscal charges	(162,835)	-	(262,081)	(424,916)	-
Bond premium (discount)	(6,616)	-	13,298	6,682	-
Bond issuance costs	-	-	(5,287)	(5,287)	-
Miscellaneous	<u>683,825</u>	<u>374,244</u>	<u>125,976</u>	<u>1,184,045</u>	<u>269,987</u>
Total non-operating revenues	<u>786,274</u>	<u>459,753</u>	<u>4,390,455</u>	<u>5,636,482</u>	<u>373,848</u>
Income (loss) before contributions and transfers	<u>(1,009,940)</u>	<u>670,949</u>	<u>4,819,881</u>	<u>4,480,890</u>	<u>(118,815)</u>
Capital contributions	590,082	-	-	590,082	-
Transfers in	-	315,000	-	315,000	-
Transfers out	<u>(164,358)</u>	<u>(131,124)</u>	<u>(22,962)</u>	<u>(318,444)</u>	<u>(424,847)</u>
	<u>425,724</u>	<u>183,876</u>	<u>(22,962)</u>	<u>586,638</u>	<u>(424,847)</u>
Change in net assets	<u>(584,216)</u>	<u>854,825</u>	<u>4,796,919</u>	<u>5,067,528</u>	<u>(543,662)</u>
Net assets, beginning, as previously reported	25,934,671	(648,369)	874,628	26,160,930	6,410,429
Prior period adjustment (see Note 15)	<u>(41,122)</u>	<u>-</u>	<u>-</u>	<u>(41,122)</u>	<u>-</u>
Net assets, beginning, as restated	<u>25,893,549</u>	<u>(648,369)</u>	<u>874,628</u>	<u>26,119,808</u>	<u>6,410,429</u>
Net assets, ending	<u>\$25,309,333</u>	<u>\$ 206,456</u>	<u>\$5,671,547</u>	<u>\$31,187,336</u>	<u>\$ 5,866,767</u>

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service Funds
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	<u>Funds</u>
Cash flows from operating activities:					
Cash received from customers, including cash deposits	\$ 16,646,253	\$ 5,623,121	\$ 1,717,092	\$ 23,986,466	\$ 207,002
Interfund services provided and used	(4,706,465)	(1,537,232)	(569,187)	(6,812,884)	5,654,646
Gasoline tax refund	-	-	-	-	31,958
Cash payments to suppliers	(9,299,117)	(1,632,715)	(182,607)	(11,114,439)	(1,884,504)
Claim payments	-	-	-	-	(769,539)
Cash payments to employees	(3,115,622)	(2,709,475)	(568,424)	(6,393,521)	(1,412,715)
Net cash provided (used) by operating activities	<u>(474,951)</u>	<u>(256,301)</u>	<u>396,874</u>	<u>(334,378)</u>	<u>1,826,848</u>
Cash flows from non-capital financing activities:					
Repayments on interfund loans	(271,084)	(63,269)	(19,106)	(353,459)	146,351
Due to other funds	-	-	313,796	313,796	-
Due to other government units	(37,454)	-	8	(37,446)	-
Transfers from other funds	-	315,000	-	315,000	-
Transfers to other funds	(164,358)	(131,124)	(22,962)	(318,444)	(424,847)
Grant proceeds	-	-	1,810,745	1,810,745	-
Net cash provided (used) by non-capital financing activities	<u>(472,896)</u>	<u>120,607</u>	<u>2,082,481</u>	<u>1,730,192</u>	<u>(278,496)</u>
Cash flows from capital and related financing activities:					
Capital contributions	407,431	-	-	407,431	-
Purchase of capital assets	(408,670)	-	(5,648,481)	(6,057,151)	(635,439)
Principal payments - bonds	(4,440,000)	-	(180,000)	(4,620,000)	-
Principal payments received - capital leases	238,584	-	-	238,584	-
Grant proceeds	60,417	-	-	60,417	-
Interest paid	(199,104)	-	(264,519)	(463,623)	-
Net cash used by capital and related financing activities	<u>(4,341,342)</u>	<u>-</u>	<u>(6,093,000)</u>	<u>(10,434,342)</u>	<u>(635,439)</u>
Cash flows from investing activities:					
Proceeds from sale of investments	6,211,002	-	3,791,500	10,002,502	1,500,000
Purchase of investments	(3,700,356)	-	(53,060)	(3,753,416)	(3,550,000)
Interest received	83,992	-	53,180	137,172	90,838
Net cash provided (used) by investing activities	<u>2,594,638</u>	<u>-</u>	<u>3,791,620</u>	<u>6,386,258</u>	<u>(1,959,162)</u>
Net increase (decrease) in cash and cash equivalents	(2,694,551)	(135,694)	177,975	(2,652,270)	(1,046,249)
Cash and cash equivalents, beginning (including water and sewer restricted cash of \$3,161,962 )	<u>3,263,726</u>	<u>434,401</u>	<u>122,055</u>	<u>3,820,182</u>	<u>2,496,703</u>
Cash and cash equivalents, ending	<u>\$ 569,175</u>	<u>\$ 298,707</u>	<u>\$ 300,030</u>	<u>\$ 1,167,912</u>	<u>\$ 1,450,454</u>

See notes to basic financial statements.

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities- Internal Service <u>Funds</u>
	<u>Water and Sewer Utility</u>	<u>Solid Waste Services</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating (loss) income	<u>\$(1,796,214)</u>	<u>\$ 211,196</u>	<u>\$ 429,426</u>	<u>\$(1,155,592)</u>	<u>\$ (492,663)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,229,920	55,767	70,969	1,356,656	1,156,378
Other income	836,509	374,244	34,842	1,245,595	270,649
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Customer accounts receivable	(140,724)	(72,429)	(91,324)	(304,477)	-
Customer unbilled accounts receivable	(165,071)	(126,526)	(30,854)	(322,451)	-
Miscellaneous receivables	(7,681)	246	1,664	(5,771)	(2,005)
Inventories	(43,100)	-	-	(43,100)	3,523
Due from other funds	(44,367)	(102,892)	(8,449)	(155,708)	114,217
Interfund receivables	(429,464)	(411,570)	(33,796)	(874,830)	397,037
Other assets	-	-	(14)	(14)	20,108
Increase (decrease) in:					
Accounts payable	103,528	39,150	16,365	159,043	90,008
Estimated claims payable	-	-	-	-	(1,720,147)
Compensated absences	91,036	(18,586)	17,510	89,960	28,469
Interfund payables	(131,746)	(140,107)	(11,543)	(283,396)	1,729,811
Accrued liabilities	(13,910)	-	(1,904)	(15,814)	(4,426)
Accrued payroll deductions	(10,108)	(20,238)	(1,733)	(32,079)	(5,139)
Due to other funds	(42,548)	(44,556)	5,715	(81,389)	239,653
Due to other government units	-	-	-	-	1,375
Customer deposits	<u>88,989</u>	<u>-</u>	<u>-</u>	<u>88,989</u>	<u>-</u>
Total adjustments	<u>1,321,263</u>	<u>(467,497)</u>	<u>(32,552)</u>	<u>821,214</u>	<u>2,319,511</u>
Net cash provided (used) by operating activities	<u>\$ (474,951)</u>	<u>\$(256,301)</u>	<u>\$ 396,874</u>	<u>\$ (334,378)</u>	<u>\$ 1,826,848</u>

Non-cash investing, capital and financing activities:

During 2004, the Water and Sewer Utility Fund received contributed assets from developers valued at \$307,938.

Note: All short-term investments are reported at cost, which approximates fair value, therefore, there is no change in fair value of investments.

See notes to basic financial statements.

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF FIDUCIARY NET ASSETS PENSION TRUST FUNDS

SEPTEMBER 30, 2004

### ASSETS

Cash and short-term investments	\$ 3,261,458
Investments, at fair value:	
U.S. Treasury bonds and notes	8,504,586
U.S. Agency obligations	4,228,153
Corporate bonds	15,119,393
Common stock	42,521,278
Total investments	<u>70,373,410</u>
Receivables:	
Plan member contributions	22,037
Miami-Dade County	36,146
CNM Police Share Plan	175,202
Receivable from broker on investments sold	149,503
Accrued interest	321,921
Accrued dividends	40,577
Total receivables	<u>745,386</u>
Prepaid expense	<u>939</u>
Total assets	<u>74,381,193</u>

### LIABILITIES AND NET ASSETS

Accounts payable	69,433
Benefits payable	1,569
Payable to broker for investments purchased	176,905
Total liabilities	<u>247,907</u>
Net assets held in trust for pension benefits	<u>\$ 74,133,286</u>

See notes to basic financial statements.



# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

### ADDITIONS

#### Contributions:

Employer	\$ 3,320,685
Plan members	1,491,311
County	181,995
Other	<u>99,033</u>
Total contributions	<u>5,093,024</u>

#### Investment income:

Net appreciation in fair value of investments	4,193,880
Interest	1,383,707
Dividends	<u>728,336</u>

6,305,923

Less investment expenses	<u>429,618</u>
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Net investment income	<u>5,876,305</u>
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Total additions	<u>10,969,329</u>
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### DEDUCTIONS

#### Benefits paid directly to participants:

Disability retirement	162,439
Death benefit	44,995
Normal retirement	2,175,393
Lump sum retirement	2,951,925
Refunds of contributions	<u>154,661</u>
	<u>5,489,413</u>

Administrative expenses	<u>193,786</u>
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Total deductions	<u>5,683,199</u>
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Net increase in net assets	5,286,130
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Net assets, beginning	<u>68,847,156</u>
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Net assets, ending	<u>\$74,133,286</u>
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See notes to basic financial statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Miami, Florida (the City), located in Miami-Dade County, was incorporated in 1926. The City operates under a Council-Manager form of government and provides the following services: general government, public safety, public works, solid waste, stormwater management, culture and recreation including library services, community planning and development and water and sewer utility.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

#### **A. Financial Reporting Entity**

The financial statements were prepared in accordance with GASB Statements relating to *The Financial Reporting Entity*, which establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has no blended component units. The City's discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

#### ***Discretely Presented Component Unit***

The Museum of Contemporary Art, Inc. (MoCA) is a not-for-profit corporation. The City Council has the ability to remove members of the governing board of MoCA for cause. Additionally, MoCA is fiscally dependent on the City. MoCA is presented in a separate column as a governmental fund type in the government-wide financial statements. Complete financial statements for MoCA can be obtained directly from their administrative offices: Museum of Contemporary Art, Inc., 770 N.E. 125th Street, North Miami, Florida 33161.

#### ***Other Component Unit***

The City of North Miami Health Facilities Authority was created pursuant to state statute to issue special obligation debt for capital improvements on certain health facilities located within and outside the City limits. The debt is supported solely from revenues generated by said facilities and does not constitute an obligation of the City or the Authority. The Authority receives no revenues and makes no disbursements. Because there are no assets, liabilities or results of operations to report, no disclosure other than this description is made.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### A. Financial Reporting Entity (Continued)

##### *Other Component Unit* (Continued)

The North Miami Health Facilities Authority is a component unit because the sole activity in which it engages, i.e., the issuance of revenue bonds to finance health care facilities, is subject in each instance to the approval of the City Council. In addition, the City Council is responsible for appointing the members of the Board of the Authority.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from its legally separate component unit (MoCA) for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The City does not currently employ an indirect cost allocation system.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as other governmental funds.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees and other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *Water and Sewer Utility Fund* accounts for the costs of providing water treatment and distribution service, and sewage treatment to all areas within the City limits and certain districts outside the City limits.

The *Solid Waste Services Fund* accounts for the City's sanitation operations inclusive of garbage, trash and recycling. Additionally, it includes animal control, graffiti control and sanitation code enforcement.

The *Stormwater Utility Fund* accounts for improvements to the City's stormwater systems and pollution from stormwater runoff.

Additionally, the City reports the following fund types:

*Internal Service Funds* account for the cost of insuring the City in the areas of workers' compensation and general liability risks, group health and life benefits and to provide fleet management services to other departments on a cost reimbursement basis.

The *Pension Trust Funds* (CTS Plan and 748 Plan) are used to account for the City's two single-employer defined benefit pension plans covering substantially all of its employees.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's various utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes with the exception of local option fuel taxes and the half-cent transportation surtax. Proceeds from these taxes are used to fund transportation related expenditures and therefore are reported as *program revenues* under the function "highways and streets".

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, solid waste services and stormwater utility funds and of the City's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### D. Assets, Liabilities, and Net Assets or Equity

##### 1. Deposits and Investments

The City's cash and cash equivalents include cash on hand, time and demand deposits, and short-term investments consisting primarily of a collateralized interest on public funds checking account and investments with the State Board Investment Pool. The City also invests in obligations of the U.S. Treasury, consisting primarily of government agency bonds.

Resources of all funds, with the exception of the pension trust funds and certain other cash and investment accounts, which are maintained in accordance with legal requirements, have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated based upon equity balances of the respective funds.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Assets or Equity (Continued)

##### 1. Deposits and Investments (Continued)

All investments, except the State Board Investment Pool, are reported at fair value. The Investment Pool is recorded at its value of the pool shares (2a-7 like pool), which is fair value.

The nature of investments is governed by the provisions of Florida Statutes Section 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the Local Government Surplus Funds Trust Fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain governmental agencies, interest bearing time deposits or savings accounts.

Cash and cash equivalents, for purposes of the statement of cash flows, include cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

##### 2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds (i.e., amounts owed for goods/services rendered to a particular fund by another fund in the reporting entity) are reported as “due to/from other funds” (current portion) or “interfund receivables/payables” (non-current portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

##### 3. Inventories

Inventories consist principally of materials and supplies held for consumption and are recorded at cost for governmental funds and lower of average cost or market for proprietary funds. In the governmental funds, the cost of inventories are recorded as expenditures at the time of purchase, while in the proprietary funds, the cost of inventories are recorded as expenditures when consumed. In the governmental funds, reported inventories are offset by a fund balance reserve which indicates that they do not constitute available spendable resources.

##### 4. Restricted Assets

In November 2001, the City entered into a loan agreement with the Florida Municipal Loan Council to finance the cost of certain stormwater capital improvement projects. The loan proceeds are classified as restricted assets on the statement of net assets, they are maintained in a separate bank account and their use is restricted for specific stormwater capital improvement projects.



# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Assets, Liabilities, and Net Assets or Equity (Continued)

##### 5. Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., utility plant, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The retroactive reporting of infrastructure for governmental activities is being deferred to a later date. Only the current additions to infrastructure of governmental activities, for which no depreciation is computed in the year of acquisition, are being reported at this time. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No such costs were capitalized in 2004.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Utility Plant, Buildings and improvements	10-50
Machinery and equipment	3-10
Infrastructure	5-50
Library books	5

##### 6. Compensated Absences

It is the City's policy to permit employees to accumulate, within certain limits, earned but unused vacation time and sick leave, which will be paid to employees upon separation from City service. All vacation and sick leave pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, due to employee resignation or retirement.

# **CITY OF NORTH MIAMI, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. Assets, Liabilities, and Net Assets or Equity (Continued)**

##### **7. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. The results of using this method do not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In addition, the difference between the reacquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred amount is offset against the new liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **8. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Material estimates that are particularly susceptible to significant change in the near term relate to 1) the determination of the actuarially accrued liability for unpaid claims which is prepared based on certain assumptions pertaining to interest rates, inflation rates, etc. and 2) the estimated liability for remediation and closure of the former Munisport site. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

##### **9. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance, where noted, represent tentative management plans that are subject to change.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS

#### *Deposits*

At September 30, 2004, the carrying amount of the City's deposits was \$7,864,541. These deposits consisted of \$2,951,722 in time and demand deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name, and \$4,912,819 in a collateralized interest on public funds checking account. The funds held in a collateralized interest on public funds checking account are classified as credit risk category 3 as defined by GASB Statement No. 3 (collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name).

All time and demand deposits are insured through the Federal Depository Insurance Corporation and are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires every qualified public depository to deposit with the Treasurer eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

#### *Investments*

The City is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the State Board of Administration Investment Pool (SBA). The State Board of Administration is part of the Florida Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Florida Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Florida Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund. In accordance with GASB Statement No. 31, the SBA has reported that the Local Government Surplus Funds Trust Fund is a "2a-7 like" pool and, therefore, these investments are valued using the pooled share price. The pension trust funds are also authorized to invest in common stocks, corporate bonds rated "BBB" or better by Standard & Poor Corporation or "Baa" or better by Moody's bond ratings.

Certain investments are required to be categorized to give an indication of the level of credit risk assumed by the entity at year-end. The three categories of risk as defined by GASB Statement No. 3 are as follows:

- (1) Insured or registered, or securities held by the City or its agent in the City's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### *Investments* (Continued)

			Fair
		<u>Category 1</u>	<u>Value</u>
U.S. Government securities		\$ 15,982,739	\$ 15,982,739
Corporate bonds		15,119,393	15,119,393
Common stocks		<u>42,521,278</u>	<u>42,521,278</u>
		<u>\$ 73,623,410</u>	73,623,410
Investments not subject to risk categorization:			
Money market mutual fund			2,930,169
Bond mutual funds			1,649,152
Local Government Surplus Funds Trust Fund (SBA)			<u>8,400,000</u>
Total investments			<u>\$ 86,602,731</u>

A reconciliation of cash and investments as shown on the statement of net assets is as follows:

Deposits (including cash and certificates of deposit)		\$ 7,864,541
Investments		<u>86,602,731</u>
Total deposits and investments		94,467,272
Other cash equivalents		<u>5,725</u>
Total cash, cash equivalents and investments		<u>\$ 94,472,997</u>
Cash and cash equivalents, primary government		\$ 4,938,977
Restricted assets-cash and cash equivalents and		
investments, primary government		1,649,152
Investments, primary government		<u>14,250,000</u>
Total, primary government		<u>20,838,129</u>
Pooled cash and cash equivalents, fiduciary funds		3,261,458
Investments, fiduciary funds		<u>70,373,410</u>
Total, fiduciary funds		<u>73,634,868</u>
Grand total		<u>\$ 94,472,997</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 3. RECEIVABLES

Receivables as of September 30, 2004 for the City's individual major fund, nonmajor funds, internal service funds and fiduciary funds in the aggregate, including the allowances for uncollectible accounts, are as follows:

		Water and	Solid	Storm-	Nonmajor	
	General	Sewer	Waste	water	and Other	Total
Receivables:						
Customer's account						
Billed	\$ -	\$ 1,348,473	\$ 454,694	\$ 171,563	\$ -	\$ 1,974,730
Unbilled	-	1,803,239	271,266	43,998	-	2,118,503
Property taxes	197,265	-	-	-	6,101	203,366
Franchise and utility	646,612	-	-	-	-	646,612
Communication service tax	302,129	-	-	-	-	302,129
Intergovernmental	647,389	120,332	85,509	3,662,000	31,778,302	36,293,532
Notes	-	-	-	-	59,013	59,013
Other	234,762	242,412	10,599	197	768,638	1,256,608
Gross receivables	2,028,157	3,514,456	822,068	3,877,758	32,612,054	42,854,493
Less: allowance for uncollectibles	-	-	-	-	-	-
Net total receivables	<u>\$ 2,028,157</u>	<u>\$ 3,514,456</u>	<u>\$ 822,068</u>	<u>\$ 3,877,758</u>	<u>\$ 32,612,054</u>	<u>\$ 42,854,493</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Occupational licenses	\$ -	\$ 284,492
Interest rate swap proceeds	-	1,734,312
Notes receivable	59,013	-
Administrative fee	75,874	-
Miscellaneous revenues (not yet due)	-	14,751
Total deferred/unearned revenue for governmental funds	<u>\$ 134,887</u>	<u>\$ 2,033,555</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 4. PROPERTY TAXES

Property taxes are levied on November 1st of each year, at which time taxes become an enforceable lien on property assessed as of the previous January 1st. Tax bills are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available in the month of March of the following calendar year. Taxpayers also have the option of paying their taxes in advance in equal quarterly payments based on the prior year's tax assessment with quarterly discounts varying between 2% and 6%. All unpaid taxes on real and personal property become delinquent on April 1st and bear annual interest at 18% until a tax sale certificate is sold at auction. Miami-Dade County bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

The net assessed value of property, as established by the Miami-Dade County Property Appraiser, at January 1, 2003 upon which the 2003-04 levy was based, was approximately \$1.7 billion. The City is permitted by Article 7, Section 9 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation long-term debt. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. For the year ended September 30, 2004, the tax rate to finance General Fund operations was \$8.500 per \$1,000 of assessed value. The debt service tax rate for the same period was \$0.2575 per \$1,000 of assessed value.

Property taxes receivable representing collections within 60 days subsequent to September 30 for billings through the fiscal year then ended amounted to approximately \$197,265 for the General Fund and \$6,101 for the debt service funds.

### NOTE 5. NET INVESTMENT IN SALES-TYPE LEASE

On April 17, 1979, the City entered into a sales-type lease agreement with Miami-Dade Water and Sewer Authority retroactive to May 1978. Under the terms of the lease, the City is receiving payments, which will total \$7,071,438 (including interest) through April 2007, for the use of the City's ocean outfall line.

The lease has been accounted for as a capital (sales-type) lease within the Water and Sewer Enterprise Fund. Interest is imputed at an annual rate of 6.5% over the life of the lease. Proceeds received from the lease agreement are to be used for replacement of water and sewer system assets.

The future minimum lease payments under this agreement are as follows:

Year ending September 30:		
2005		\$238,584
2006		238,584
2007		<u>122,925</u>
Total		600,093
Less unearned discount		<u>(48,089)</u>
Balance, September 30, 2004		<u>\$552,004</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2004 is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>		<u>Amount</u>
<u>Due from/to other funds:</u>				
General		Solid Waste Services		\$ 490,697
		Nonmajor governmental		276,525
		Internal Service		201,149
Water & Sewer		Stormwater Utility		768,517
		Internal Service		107,366
Solid Waste Services		Internal Service		102,892
Stormwater Utility		Internal Service		8,449
Nonmajor governmental		Internal Service		57,190
Internal Service		General Fund		22,046
		Nonmajor governmental		9,117
		Water and Sewer		9,282
		Solid Waste Services		25,083
		Stormwater Utility		14,619
		Internal Service		17,645
				<u>\$ 2,110,577</u>
<u>Interfund receivable/payable:</u>				
General Fund		Internal Service		\$ 804,599
Water and Sewer Fund		Internal Service		429,464
Solid Waste Services		Internal Service		411,570
Stormwater Utility		Internal Service		33,796
Internal Service		General Fund		88,184
		Water and Sewer		37,127
		Solid Waste Services		25,529
		Internal Service		70,582
				<u>\$ 1,900,851</u>
<u>Advances from/to other funds:</u>				
Internal Service		Solid Waste Services		\$ 66,829
		Stormwater Utility		95,527
Water and Sewer		Solid Waste Services		214,062
				<u>\$ 376,418</u>



# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers:

		Transfers In			
		General	Non	Solid	
		<u>Fund</u>	<u>Major</u>	<u>Waste</u>	<u>Total</u>
Transfers out:					
General fund		\$ -	\$ 822,997	\$ 315,000	\$ 1,137,997
Nonmajor funds		120,218	16,294	-	136,512
Water and sewer		-	164,358	-	164,358
Solid waste		-	131,124	-	131,124
Stormwater		-	22,962	-	22,962
Internal service		357,774	67,073	-	424,847
Total transfers out		<u>\$ 477,992</u>	<u>\$ 1,224,808</u>	<u>\$ 315,000</u>	<u>\$ 2,017,800</u>

### NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2004 was as follows:

**Primary Government**

	Beginning			
	Balance,			Ending
	<u>Restated (1)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 15,879,028	\$ -	\$ -	\$ 15,879,028
Construction in progress	-	46,474	-	46,474
Total capital assets, not being depreciated	<u>15,879,028</u>	<u>46,474</u>	<u>-</u>	<u>15,925,502</u>
Capital assets, being depreciated:				
Land improvements	10,076,312	12,334	-	10,088,646
Buildings and improvements	19,966,569	34,462	-	20,001,031
Infrastructure*	4,801,237	1,445,610	(4,470)	6,242,377
Machinery and equipment	15,100,214	871,234	(277,097)	15,694,351
Library books	1,810,140	125,777	(239,900)	1,696,017
Total capital assets, being depreciated	<u>51,754,472</u>	<u>2,489,417</u>	<u>(521,467)</u>	<u>53,722,422</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. CAPITAL ASSETS (Continued)

#### Primary Government (Continued)

	Beginning Balance,			Ending Balance
	<u>Restated (1)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Governmental activities (Continued):</b>				
Less accumulated depreciation for:				
Land improvements	(6,602,661)	(917,167)	-	(7,519,828)
Buildings and improvements	(4,890,095)	(470,668)	-	(5,360,763)
Infrastructure*	(844,653)	(128,960)	4,470	(969,143)
Machinery and equipment	(10,267,808)	(1,504,249)	260,955	(11,511,102)
Library books	(1,467,767)	(108,317)	230,728	(1,345,356)
Total accumulated depreciation	(24,072,984)	(3,129,361)	496,153	(26,706,192)
Total capital assets, being depreciated, net	27,681,488	(639,944)	(25,314)	27,016,230
Governmental activities capital assets, net	<u>\$43,560,516</u>	<u>\$ (593,470)</u>	<u>\$ (25,314)</u>	<u>\$42,941,732</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 660,312	\$ -	\$ -	\$ 660,312
Total capital assets, not being depreciated	<u>660,312</u>	<u>-</u>	<u>-</u>	<u>660,312</u>
Capital assets, being depreciated:				
Land improvements	27,941	-	-	27,941
Buildings/utility plant and improvements	596,452	1,375	-	597,827
Infrastructure	44,889,995	6,064,031	(954,038)	49,999,988
Machinery and equipment	2,326,217	88,827	(6,727)	2,408,317
Total capital assets, being depreciated	<u>47,840,605</u>	<u>6,154,233</u>	<u>(960,765)</u>	<u>53,034,073</u>
Less accumulated depreciation for:				
Land improvements	(21,737)	(898)	-	(22,635)
Buildings/utility plant and improvements	(190,659)	(12,378)	-	(203,037)
Infrastructure	(21,990,307)	(1,103,568)	769,360	(22,324,515)
Machinery and equipment	(1,135,861)	(239,812)	5,770	(1,369,903)
Total accumulated depreciation	(23,338,564)	(1,356,656)	775,130	(23,920,090)
Total capital assets, being depreciated, net	<u>24,502,041</u>	<u>4,797,577</u>	<u>(185,635)</u>	<u>29,113,983</u>
Business-type activities capital assets, net	<u>\$25,162,353</u>	<u>\$ 4,797,577</u>	<u>\$ (185,635)</u>	<u>\$29,774,295</u>

(1) See Note 15

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 7. CAPITAL ASSETS (Continued)

#### Primary Government (Continued)

Depreciation expense was charged as functions/programs of the primary government as follows:

Governmental activities:		
General government		\$ 388,074
Public safety		385,850
Highways and streets		55,229
Community planning and development		21,876
Physical environment		888,826
Culture and recreation		<u>233,128</u>
Subtotal		1,972,983
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets		<u>1,156,378</u>
Total depreciation expense – governmental activities		<u>\$ 3,129,361</u>
Business-type activities:		
Water and sewer		\$ 1,229,920
Solid waste		55,767
Stormwater		<u>70,969</u>
Total depreciation expense – business-type activities		<u>\$ 1,356,656</u>

\*The retroactive reporting of infrastructure for governmental activities is being deferred to a later date. Only the current additions, for which no depreciation is computed in year of acquisition, are being reported at this time.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2004:

	Beginning			Ending	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
<b>Governmental Activities</b>					
Bonds and note payable:					
FMLC loan (general obligation)	\$ 3,060,000	\$ -	\$ (280,000)	\$ 2,780,000	\$ 290,000
Pension obligation bonds-Series 2002	14,635,000	-	(160,000)	14,475,000	170,000
Note payable	2,306,760	500,000	(976,316)	1,830,444	985,226
Unamortized bond premiums/ discount and deferred amount on refunding	(2,571,584)	-	335,431	(2,236,153)	-
Total bonds and note payable	<u>17,430,176</u>	<u>500,000</u>	<u>(1,080,885)</u>	<u>16,849,291</u>	<u>1,445,226</u>
Other liabilities:					
Compensated absences	6,064,777	879,382	(254,919)	6,689,240	169,533
Landfill closure	31,000,000	-	-	31,000,000	10,350,000
Claims payable (risk)	<u>4,735,181</u>	<u>-</u>	<u>(1,720,147)</u>	<u>3,015,034</u>	<u>697,000</u>
Total other liabilities	41,799,958	879,382	(1,975,066)	40,704,274	11,216,533
Governmental activities long-term liabilities	<u>\$ 59,230,134</u>	<u>\$ 1,379,382</u>	<u>\$ (3,055,951)</u>	<u>\$ 57,553,565</u>	<u>\$ 12,661,759</u>

#### *Bonds and Note Payable*

##### **General Obligation Bonds/Loan**

On May 1, 2002, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$3,335,000 with interest rates on the loan ranging from 3.25% to 5.0%. The purpose of the loan was to currently refund \$3,265,000 of outstanding 1992 General Obligation bonds with interest rates ranging from 5.4% to 6.0%. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2002A). Principal and interest due on the loan constitute a general obligation refunding bond, as defined in Section 132.34, Florida Statutes.

The reacquisition price of the refunding debt exceeded the net carrying value of the old debt by \$90,028. This amount is being netted against the new debt and amortized over the life of the new debt, which is equal to the life of the refunded debt.

As a result of the current refunding, the City reduced its total debt service requirements by approximately, \$233,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$192,000.

Principal and interest on the new debt is payable May 1, 2003 through May 1, 2012.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. LONG-TERM LIABILITIES (Continued)

#### *Bonds and Note Payable* (Continued)

##### **Debt Service Requirements to Maturity**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>FMLC Loan- (Series 2002A) General Obligation</u>			
Fiscal year ended September 30:			
2005	\$ 290,000	\$ 121,737	\$ 411,737
2006	310,000	107,238	417,238
2007	325,000	91,738	416,738
2008	340,000	78,738	418,738
2009	350,000	65,138	415,138
2010-2012	<u>1,165,000</u>	<u>107,724</u>	<u>1,272,724</u>
	2,780,000	572,313	3,352,313
Unamortized premium	60,260	-	60,260
Deferred amount on refunding	<u>(68,271)</u>	<u>-</u>	<u>(68,271)</u>
Total	<u>\$ 2,771,989</u>	<u>\$ 572,313</u>	<u>\$ 3,344,302</u>

##### **Pension Obligation Bonds**

On October 31, 2002, the City issued \$14,735,000 in Taxable Special Obligation Refunding Bonds Series 2002 (variable rate demand bonds) for the purpose of advance refunding \$11,755,000 of outstanding Taxable Special Obligation Bonds (Pension Funding Project) Series 1997 with interest rates ranging from 6.6% to 7.35%. After payment of approximately \$422,662 in underwriting fees, insurance, and other issuance costs, the net bond proceeds of approximately \$14,312,338 were used to purchase government securities, which were placed in an irrevocable trust with an escrow agent.

The refunded bonds maturing on or before July 1, 2007 will be paid at maturity and the refunded bonds maturing on or after January 1, 2008, will be called for redemption on July 1, 2007. As a result, the refunded bonds are considered to be defeased and the liability is no longer reflected in the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$2,694,854. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. Simultaneously, the variable rate bonds were converted to a fixed rate through an interest rate swap. As a result of the advance refunding the City incurred an economic loss of approximately \$(2.7 million), which was offset by approximately \$1.9 million in swap proceeds resulting in a net present value loss of approximately \$(800,000). The transaction provided up front monies, extended the final maturity on the debt while maintaining the annual debt service payments under \$1.2 million (the maximum annual debt service on the refunded Series 1997 bonds).

Debt service on these bonds is funded by non-ad valorem revenues budgeted and appropriated by the City on an annual basis. The scheduled payment of principal and interest on the bonds is guaranteed under an insurance policy obtained concurrently with the delivery of the bonds.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. LONG-TERM LIABILITIES (Continued)

#### *Bonds and Note Payable* (Continued)

#### **Pension Obligation Bonds** (Continued)

Principal and interest on the new debt is payable July 1, 2003 through July 1, 2032.

#### **Interest Rate Swap**

**Objective:** As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, in October 2002, the City entered into an interest rate swap in connection with its \$14.735 million Series 2002 Taxable Special Obligation Refunding Bond issuance. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 6.85%.

**Terms:** Based on the swap agreement, the City pays a synthetic fixed rate of 6.85% to the counterparty to the swap (Bank of America, N.A.) and receives a variable rate payment based on the interest rate applicable to the City's Series 2002 Taxable Special Obligation Bonds during each remarketing period. The bond's variable-rate coupons are based on the London Interbank Offering Exchange Rate (LIBOR). Only the net difference in interest payments is actually exchanged with the counterparty on a monthly basis. Additionally, the City received an upfront cash payment of \$1,854,100 from the counterparty to the swap. The bonds and the related swap agreement mature on July 1, 2032 and the swap's notional amount of \$14.735 million matches the \$14.735 million variable rate bonds. As of September 30, 2004, rates were as follows:

			Percentage
		<u>Terms</u>	<u>Rates</u>
Interest rate swap:			
Fixed payment to counterparty		Fixed	6.85
Variable payment from counterparty		LIBOR	(1.72)
Net interest rate swap payments			5.13
Variable-rate bond coupon payments			<u>1.72</u>
Synthetic interest rate on bonds			<u>6.85</u>

**Fair value:** As of September 30, 2004, the swap had a negative fair value of \$(3,230,709). The negative fair value was determined using Market-to-Market Value and represents mid-market values.

**Credit risk:** As of September 30, 2004, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty (Bank of America, N.A.) was rated Aa1 by Moody's Investors Service, AA by Standard and Poor's and AA- by Fitch Ratings.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. LONG-TERM LIABILITIES (Continued)

#### *Bonds and Note Payable* (Continued)

#### **Interest Rate Swap** (Continued)

**Termination risk:** The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination event”. That is, the swap agreement may be terminated by the counterparty if (i) the Covered Indenture terminates or ceases to be of full force and effect; or (ii) if the City fails to budget and appropriate from Non-Ad Valorem funds amounts sufficient to satisfy any amounts due the counterparty under the agreement in any fiscal year. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap’s fair value.

**Market access risk:** In conjunction with the swap, the City purchased a renewable letter of credit. Expected cost savings related to the swap may not be realized if the credit becomes more costly or cannot be obtained after the original letter of credit expires.

**Swap payments and associated debt:** Using rates as of September 30, 2004, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows: As rates vary, variable-rate bond interest payments and net swap payments will vary.

#### **Debt Service Requirements to Maturity and Net Swap Payments**

##### 2002 Taxable Special Obligation Refunding Bonds (Pension)

	Variable Rate Bonds		(1)	
			Interest Rate	
	Principal	Interest	Swap, Net	Total
Fiscal year ended September 30:				
2005	\$ 170,000	\$ 248,239	\$ 781,394	\$ 1,199,633
2006	175,000	245,294	772,160	1,192,454
2007	190,000	242,219	762,478	1,194,697
2008	205,000	238,886	752,092	1,195,978
2009	225,000	235,275	740,571	1,200,846
2010-14	1,390,000	1,111,593	3,499,121	6,000,714
2015-19	1,990,000	970,037	3,053,357	6,013,394
2020-24	2,840,000	768,324	2,418,221	6,026,545
2025-29	4,060,000	479,622	1,508,996	6,048,618
2030-32	3,230,000	99,889	313,758	3,643,647
	14,475,000	4,639,378	14,602,148	33,716,526
Deferred amount on refunding	(2,228,142)	-	-	(2,228,142)
Total	\$ 12,246,858	\$ 4,639,378	\$ 14,602,148	\$ 31,488,384

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. LONG-TERM LIABILITIES (Continued)

#### *Bonds and Note Payable* (Continued)

#### **Debt Service Requirements to Maturity and Net Swap Payments** (Continued)

(1) Computed: (6.85% less 1.72%) times notional amount outstanding. Includes liquidity and remarketing fees.

#### **Note Payable**

On August 23, 2000, the City issued a promissory note (Series 2000A) in the principal amount of not to exceed \$9,500,000 to finance the cost of environmental remediation at, and closure of, the City's Munisport landfill site (Interama). Under the loan agreement, the City will draw funds as needed and will pay interest on the outstanding principal. Interest rates are variable and are 78% of the LIBOR rate. As of September 30, 2004, the City has received, pursuant to the note, the sum of \$4,700,000. As of September 30, 2004 the principal amount outstanding on the note is \$1,830,444.

#### **Debt Service Requirement to Maturity**

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Notes Payable-(Series 2000A)</u>				
Fiscal year ended September 30:				
2005		\$ 985,226	\$ 14,774	\$ 1,000,000
2006		<u>845,218</u>	<u>-</u>	<u>845,218</u>
		<u>\$ 1,830,444</u>	<u>\$ 14,774</u>	<u>\$ 1,845,218</u>

#### *Other Liabilities*

#### **Compensated Absences**

Compensated absences represent the portion of the applicable funds total estimated liability for employees' compensation for future absences. The estimated liability includes an accrual for salary related costs (employer's share of social security and Medicare taxes). Adjustments were made for employees earning more than the taxable wage base and for certain other exclusions.

The estimated liability is measured using rates in effect at the balance sheet date; benefits are computed at current salary rates at the time of payment. Upon separation from City service, vacation leave is paid at 100% and sick leave is paid at 50%. The General Fund has primarily been used in prior years to liquidate the liability for compensated absences.



# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. LONG-TERM LIABILITIES (Continued)

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2004:

	Beginning			Ending	Due
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Within One</u>
					<u>Year</u>
<b>Business-type Activities</b>					
Bonds and loan payable:					
Water and sewer bonds	\$ 4,440,000	\$ -	\$ (4,440,000)	\$ -	\$ -
FMLC loan (stormwater)	5,360,000	-	(180,000)	5,180,000	185,000
Unamortized bond premiums					
and discount	<u>232,746</u>	<u>6,616</u>	<u>(13,298)</u>	<u>226,064</u>	<u>-</u>
Total bonds and loan payable	10,032,746	6,616	(4,633,298)	5,406,064	185,000
Other liabilities:					
Compensated absences	<u>1,512,756</u>	<u>156,598</u>	<u>(66,638)</u>	<u>1,602,716</u>	<u>25,000</u>
Business-type activities					
long-term liabilities	<u>\$ 11,545,502</u>	<u>\$ 163,214</u>	<u>\$ (4,699,936)</u>	<u>\$ 7,008,780</u>	<u>\$ 210,000</u>

#### *Bonds and Loan Payable*

##### **Water and Sewer Revenue Bonds**

In 1963, 1964, and 1965, the City issued \$8,000,000, \$4,850,000 and \$3,300,000, respectively, of Water and Sewer Revenue Refunding and Improvement Bonds to make improvements and extensions to the Water and Sewer Utility of the City and to refund certain then outstanding revenue bonds. The 1963 and 1964 bonds matured on February 1, 2003 and February 1, 2004 respectively and were paid. The 1965 bonds in the principal amount outstanding of \$1,870,000 were called for full redemption on August 1, 2004. The bonds were called pursuant to the redemption provisions of the governing documents at a price of 101% plus accrued interest to August 1, 2004.

##### **Stormwater Utility Loan**

On November 15, 2001, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$5,545,000 with interest rates on the loan ranging from 3.25% to 5.25%. The purpose of the loan is to finance the cost of certain stormwater capital improvement projects. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2001A).

The FMLC-Series 2001A bonds were issued at a premium (104.796%) and after payment of approximately \$105,744 in underwriting fees, insurance and other issuance costs, the net loan proceeds of approximately \$5,705,214 were deposited into the Stormwater Utility

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 8. LONG-TERM LIABILITIES (Continued)

#### *Bonds and Loan Payable* (Continued)

#### **Stormwater Utility Loan** (Continued)

Fund and are being drawn down as the project progresses. This debt is subject to arbitrage. The arbitrage rebate requirement requires issuers of tax-exempt debt to rebate to the U.S. Treasury investment income arising from proceeds of tax-exempt debt to the extent that such income results from investment yield in excess of the bond yield. As a result of continued low interest rates, at September 30, 2004, the City did not have an arbitrage liability.

#### *Debt Service Requirements to Maturity*

Principal and interest on the new debt is payable May 1, 2002 through November 1, 2021.

The Stormwater Utility FMLC Loan-Series 2001A consist of the following at September 30, 2004:

			Amount
<u>Final Maturity Date</u>	<u>Interest Rate</u>		<u>Outstanding</u>
FMLC Loan-Series 2001A, 11/1/2021	3.25%-5.25%		\$ 5,180,000
Less current portion			(185,000)
Unamortized Premium			226,064
Long-term portion			<u>\$ 5,221,064</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>FMLC Loan-2001A</u>			
Fiscal year ended September 30:			
2005	\$ 185,000	\$ 252,225	\$ 437,225
2006	195,000	244,137	439,137
2007	205,000	235,138	440,138
2008	210,000	225,800	435,800
2009	220,000	215,575	435,575
2010-2014	1,290,000	895,019	2,185,019
2015-2019	1,660,000	515,100	2,175,100
2020-2021	<u>1,215,000</u>	<u>88,469</u>	<u>1,303,469</u>
	5,180,000	2,671,463	7,851,463
Unamortized Premium	<u>226,064</u>	-	<u>226,064</u>
Total	<u>\$ 5,406,064</u>	<u>\$ 2,671,463</u>	<u>\$ 8,077,527</u>

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. SELF-INSURANCE

The City maintains a self-insurance program within the internal service funds. The General Risk Management Fund was established by City Ordinance to account for insurance activities relating to workers' compensation and general liability risks. Charges to departments are based upon amounts determined by management to be necessary to meet the required annual payouts during the fiscal year and to maintain adequate fund reserves. The funding level and estimated claims liability for workers' compensation and general liability for fiscal year 2004 is based on recommended funding requirements for fiscal year 2004 as determined by a self-insurance actuarial review as of September 30, 2004 performed by outside consultants.

The City is exposed to various risks of loss for workers' compensation and general liability. The City is exposed to other various risks of loss, related to theft, errors and omissions, for which the City carries commercial insurance.

As of September 30, 2004, the City's risk retention for certain types of risk is as follows:

	<u>Retention/Deductible</u>	<u>Coverage after Retention/Deductible</u>
Self-insured:		
Workers' compensation	Fully self-insured	-
General liability (includes automobile)	Fully self-insured	F.S. 768.28 (\$100,000/individual, \$200,000/occurrence)
Commercial insurance:		
Property:		
Property, multi-peril	\$5,000	\$28,324,131
Boiler and machinery	\$1,000	\$50,000,000
Flood	Buildings: \$500 to \$1,000	Buildings: \$25,000 to \$500,000
	Contents: \$0 to \$1,000	Contents: \$0 to \$200,000
	varies according to facility	varies according to facility
Other:		
Police professional liability	\$25,000/claim No annual aggregate	\$2,000,000 each wrongful act and aggregate
Public officials' liability	\$100,000 EPLI/wrongful act	\$1,000,000/loss and aggregate.

The General Risk Management Internal Service Fund consists of the following:

#### Workers' Compensation

All workers' compensation costs are paid from the self-insurance fund, with all operating funds of the City assessed a charge based upon the requirements of the self-insurance fund and their relative share of the total risk. As claims are reported they are investigated by claims personnel, and an estimate of liability on a case-by-case basis is established. The estimated liabilities are periodically reviewed and revised as claims develop.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 9. SELF-INSURANCE (Continued)

#### General Liability

Departments of the City are assessed for general and automobile liability coverage based upon the requirements of the self-insurance fund and their relative share of the total risk. The City has continued to purchase certain casualty insurance for which the premium is small in relation to the coverage provided. As the casualty claims are reported, they are investigated by the claims personnel and an estimate of liability on a case-by-case basis is established.

#### Estimated Claims Liability

The estimated claims liability of \$3,015,034 in the General Risk Management Fund includes estimates for claims incurred but not reported (IBNR) and allocated loss adjustment expenses (ALAE). The estimates are based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the estimated claims liability are as follows:

				<u>2004</u>	<u>2003</u>
				General	
		Workers'	General	Risk	General
		<u>Compensation</u>	<u>Liability</u>	<u>Total</u>	<u>Risk</u>
Estimated claims liability		\$ 3,177,094	\$ 1,558,087	\$ 4,735,181	\$ 4,671,119
at beginning of year					
Current year claims and		(955,555)	4,947	(950,608)	1,268,000
changes in estimates					
(including IBNR)					
Claim payments		<u>(559,432)</u>	<u>(210,107)</u>	<u>(769,539)</u>	<u>(1,203,938)</u>
Estimated claims liability					
at end of year		<u>\$ 1,662,107</u>	<u>\$ 1,352,927</u>	<u>\$ 3,015,034</u>	<u>\$ 4,735,181</u>

During 2004, the City went out to bid for specific excess Workers' Compensation insurance to secure statutory worker's compensation coverage in excess of the self-insured retention beginning in 2005. In 2004, there were no significant reductions in insurance coverage from coverage in the prior year. During the past three years, there have been no settlements that exceeded insurance coverage.

# **CITY OF NORTH MIAMI, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **NOTE 9. SELF-INSURANCE (Continued)**

#### ***Group Health Risk Management Internal Service Fund***

##### **Group Health**

Effective January 1, 1998, the City's self-insured health program was discontinued and the City purchased a fully insured group health/dental plan. Beginning in fiscal year 2000, remaining funds in the Health Insurance Trust fund are being appropriated for the purpose of providing health insurance premiums for City employees. The appropriation of funds is being amortized over a five-year period.

### **NOTE 10. EMPLOYEE RETIREMENT PLANS**

#### **I. Pension Plans Administered by the City of North Miami**

##### **a. Plan Descriptions**

The City's Public Employee Retirement Systems (PERS) administers two single-employer defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries: Clair T. Singerman Employees' Retirement System (CTS Plan) and Retirement System for Sworn Police Personnel Hired on or After January 1, 1977 (748 Plan). The CTS Plan was established by Ordinance 691 effective January 1, 1968. On January 1, 1977, the City froze future participation in the CTS Plan and established the 748 Plan by Ordinance 748 for all employees hired after that date and for all employees under the CTS Plan who elected to join the new plan. The Plans cover substantially all City employees under the administration of separate Boards of Trustees.

On April 3, 1994, the City transferred all general employees which were in the 748 Plan to the CTS Plan, thereby limiting 748 Plan participation to sworn police personnel hired after January 1, 1977. The CTS Plan covers police officers hired before January 1, 1977 and all general employees and former North Miami firefighters.

Each of the Plans issue a publicly available report that includes financial statements and required supplementary information for the Plan. These reports may be obtained by writing to: North Miami Employees' Retirement Systems, 776 N.E. 125th Street, North Miami, Florida 33161.

##### **Contributions and Funding Policy**

##### **748 Plan**

Employees contribute 4.85% of their compensation. Investment gains in the fund for FY03 served to reduce the required employee contribution for FY04 to 4.85% from 6.85% for the previous year. Interest is credited annually on employees' accumulated contributions at a rate of interest determined at the discretion of the Board of Trustees. The interest rate was 2% for 2004 and 2003, respectively. Employer contributions for fiscal year ended September 30, 2004 were 15.98% of covered payroll.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

#### I. Pension Plans Administered by the City of North Miami (Continued)

##### a. Plan Descriptions (Continued)

##### Contributions and Funding Policy (Continued)

##### CTS Plan

Employees contribute 7% of their compensation. Interest is credited annually on employees' accumulated contributions through the prior year-end. The interest rate, determined by the Board of Trustees, was 2% for 2004 and 2003, respectively. Employer contributions for fiscal year ended September 30, 2004 were 16.58% of covered payroll.

Both Plans' funding policies provide for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due.

##### b. Summary of Significant Accounting Policies

##### *Basis of Accounting*

The financial statements of the Plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

##### *Method Used to Value Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Net appreciation in fair value of investments includes realized and unrealized gains and losses. Interest and dividends are reported as investment earnings. Realized gains and losses are determined on the basis of specific cost.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

#### I. Pension Plans Administered by the City of North Miami (Continued)

#### b. Summary of Significant Accounting Policies (Continued)

##### *Annual Pension Cost and Net Pension Asset*

The City's annual pension cost and net pension asset of the CTS Plan for the current year is as follows:

Annual required contribution		\$ 2,557,247
Interest on net pension asset		(758,964)
Adjustment to annual required contribution		<u>1,175,580</u>
Annual pension cost		2,973,863
Contributions made		<u>2,557,247</u>
Decrease in net pension asset		(416,616)
Net pension asset, beginning of year (restated)		<u>8,432,931</u>
Net pension asset, end of year		<u><u>\$ 8,016,315</u></u>

The annual required contribution for the current year was determined as part of the October 1, 2002 actuarial valuation (using the October 1, 2003 covered payroll) and the entry age actuarial cost method for the firefighters and the aggregate actuarial cost method for the general employees and the police officers. The aggregate actuarial cost method does not identify and separately amortize the unfunded actuarial liabilities. The actuarial assumptions included (a) 9% investment rate of return (net of administrative expenses) up to retirement; 7% thereafter, and (b) projected salary increases of 6% per year. Both (a) and (b) included an inflation component of 4%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized using the level dollar closed basis. The remaining amortization period was 4 years.

Clair T. Singerman Employees Retirement System			
Three-Year Trend Information (Dollar Amounts in Thousands)			
	Annual Pension	Percentage of	Net Pension
<u>Fiscal Year Ending</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Asset</u>
September 30, 2002	\$ 655	38.8%	\$ 8,868
September 30, 2003*	1,520	71.4%	8,433
September 30, 2004	2,974	86.0%	8,016
*Restated			

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

#### I. Pension Plans Administered by the City of North Miami (Continued)

#### b. Summary of Significant Accounting Policies (Continued)

##### *Annual Pension Cost and Net Pension Asset* (Continued)

The City's annual pension cost and net pension asset of the 748 Plan for the current year is as follows:

Annual required contribution	\$945,433
Interest on net pension asset	(44,244)
Adjustment to annual required contribution	<u>77,349</u>
Annual pension cost	978,538
Contributions made	<u>945,433</u>
Decrease in net pension asset	(33,105)
Net pension asset, beginning of year	<u>491,599</u>
Net pension asset, end of year	<u>\$458,494</u>

The annual required contribution for the current year was determined as part of the October 1, 2002 actuarial valuation (using the October 1, 2003 covered payroll). The actuarial assumptions included (a) 9% investment rate of return (net of administrative expenses) up to retirement; 7% thereafter, and (b) projected salary increases of 4% to 9.4% per year depending on service. Both (a) and (b) include an inflation component of 4%. The actuarial value of assets was determined using the 5-year smoothed market method. The Plan uses the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities.

Retirement System for Sworn Police Personnel			
Hired on or After January 1, 1977			
<u>Three-Year Trend Information (Dollar Amounts in Thousands)</u>			
	Annual Pension	Percentage of	Net Pension
<u>Fiscal Year Ending</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Asset</u>
September 30, 2002	\$ 244	97.4%	\$ 525
September 30, 2003	366	90.8%	492
September 30, 2004	979	96.6%	458



# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 10. EMPLOYEE RETIREMENT PLANS (Continued)

#### II. Pension Plan administered by the State of Florida

##### a. Plan Description

Effective January 2002, the City began participating in the Florida Retirement System (FRS) (Elected Officers' Class), a cost-sharing multiple employer defined benefit pension plan. Benefit provisions are established under Chapter 121, Florida Statutes, which may be amended by the Florida legislature. This Plan provides retirement, disability, and death benefits to elected officials of the City of North Miami and their beneficiaries. The FRS is administered by the State of Florida. Benefits vest after six years of credited service and are computed on the basis of service credit, average final compensation, and the percentage value earned for each year of service credit. The percentage value for service in the Elected Officers' Class is 3% per year of service. FRS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. Copies of the report may be obtained by writing to the Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560.

##### *Contributions and Funding Policy*

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The contribution rate for FY04 was 15.23% of covered payroll. The City's contribution to the State of Florida Retirement System (Elected Officers' Class) for the fiscal year ending September 30, 2004 was \$5,113 and was equal to the required contribution for the year. The Plan is non-contributory on the part of the members.

### NOTE 11. DEFINED CONTRIBUTION PLANS

The City of North Miami Police Officers' Retirement Pension Fund Share Plan (Ord. 592.1.1) (the Plan) was established to provide retirement benefits for police officers of the City of North Miami. These benefits are funded from the State of Florida insurance premium tax monies and are in addition to benefits provided by the City of North Miami's retirement system. A separate Board of Trustees is responsible for the administration of this Plan. In accordance with GASB Statement No. 24, the City recognized revenues and expenditures in the amount of \$243,373 as on behalf payments for contributions of these premiums into the Plan.

# **CITY OF NORTH MIAMI, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS** (Continued)

### **NOTE 11. DEFINED CONTRIBUTION PLANS (Continued)**

The Plan issues a publicly available report that includes financial statements and required supplementary information. This report may be obtained by writing to: City of North Miami Police Department, 700 N.E. 124th Street, North Miami, Florida 33161.

The City administers the City of North Miami Department Managers' Pension Plan, an IRS Section 403(a) defined contribution pension plan for department managers. This Plan is funded through employer contributions consisting of 10% of a participant's compensation. This Plan can only be amended by the City Council. During fiscal year 2004, the City contributed approximately \$80,862 into this Plan, which is administered through a third party administrator.

### **NOTE 12. CONTINGENCIES**

#### **a. Environmental Matters (Biscayne Landing, f/k/a Munisport/Interama)**

##### **(i) Historical Background**

In 1970, the City acquired 350 acres of land (n/k/a Biscayne Landing), for approximately \$11,800,000, from the proceeds of \$12,000,000 General Obligation Bonds, issued to provide financial assistance to the Inter-American Center Authority (Interama), an agency established by the State of Florida to develop an international cultural and trade center for the Americas. The project never materialized. Interama never repaid the City for the bond proceeds.

The City subsequently entered into a 30-year lease agreement with a company formed to develop a recreation project on the Interama land. The company subsequently operated a portion of the property as a dumpsite, and the property became the subject of controversy arising principally from site related environmental issues involving the City, the company, various governmental agencies and others, which controversy has restricted its use and development. Accordingly, the recreation project was never completed and the company abandoned the premises.

In 1981, the Florida Department of Environmental Regulation (n/k/a FDEP) filed a suit against the City to close the portion of the land, which was operated as a dumpsite (landfill). The landfill has not operated since 1980 and the City, State and DERM have worked together to produce a closure plan, pursuant to a Consent Agreement.

On February 10, 1998, the City voluntarily executed a Consent Agreement with the Miami-Dade County Department of Environmental Resources Management (DERM) to carry out groundwater remedial measures required by Florida law and County ordinance.

# **CITY OF NORTH MIAMI, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **NOTE 12. CONTINGENCIES (Continued)**

#### **a. Environmental Matters (Biscayne Landing, f/k/a Munisport/Interama) (Continued)**

##### **(ii) Recent Studies and Developments**

During 2000, the City issued a promissory note in the principal amount of not to exceed \$9,500,000 to finance the cost of environmental remediation at and closure of the City's landfill site. To date, the City has received, pursuant to the Note, the sum of \$4,700,000. As of September 30, 2004 the principal amount outstanding on the note is \$1,830,444.

In December 2002, the City entered into a Development Agreement for the site. Although the developer has assumed responsibility for the cleanup, the City is ultimately liable for remediation and closure of the site. A Remediation and Landfill Closure Cost Projection completed in 2003, estimates the cost of remediation and closure at a range of between \$31 million to \$43 million. Accordingly, in 2004, the City has reflected in the financial statements an estimated liability of \$31 million. This liability will be funded through a grant from Miami-Dade County to the City in the amount of \$31 million for remediation and closure. Although the grant agreement was executed in fiscal year 2004, receipt of these funds is not until early fiscal year 2005.

Once received, the funds will be placed in escrow to be used for funding the costs of the environmental cleanup.

In addition to the remediation and closure of the site, it is estimated that long-term closure care costs will be approximately between \$200,000 and \$500,000/year over 30 years, for a projected total cost of \$6-\$15 million. The condominium homeowners' associations for the development will be responsible for financing the long-term care costs via special assessments on the units. Since there is only a remote possibility that the City will incur any costs associated with the long-term care, disclosure of these costs is being made in the notes and has not been reflected in the financial statements.

During 2004, the City incurred approximately \$176,350 in site closure costs, which are reported in the Landfill Closure fund.

##### **(iii) Overall Outlook**

The agreement contemplates the development of the site with the City receiving income from sales of units, an annual ground lease and from the value of the leasehold interest of the site through ad-valorem taxes. It is the City's opinion that any ultimate loss to the City concerning the environmental matters pertaining to the former Munisport site will be offset by the future use of the land.

# **CITY OF NORTH MIAMI, FLORIDA**

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **NOTE 12. CONTINGENCIES (Continued)**

#### **b. Other**

The City is a defendant in several additional lawsuits as of September 30, 2004, incidental to its operations, the outcomes of which are uncertain at this time. However, in the opinion of management and legal counsel, the ultimate outcome of such actions will not have a material adverse effect on the financial condition of the City.

#### **c. Contingent Liabilities**

Federal and State programs in which the City participates were audited in accordance with the provisions of the Federal Single Audit Act, the U.S. Office of Management and Budget Circular A-133, the Florida Single Audit Act and the Rules of the Auditor General, Chapter 10.550. Pursuant to those provisions, financial assistance programs were tested for compliance with applicable grant requirements. Grantor agencies may subject grant programs to additional compliance tests, which could result in disallowed expenditures. In the opinion of management, future disallowances, if any, of grant program expenditures would be immaterial.

### **NOTE 13. POST EMPLOYMENT BENEFITS**

In addition to pension benefits described in Notes 10 and 11, the City offers post retirement health care and group term life insurance benefits to all retirees who elect to pay the associated premiums and receive the benefits. Retirees can insure eligible dependents. The premium cost is paid entirely by the retirees and is at the same group rate as that charged to City employees. In fiscal year 2004, there were approximately 49 health and dental retiree members and approximately 104 life insurance members.

In accordance with the October 1, 1994 Police Bargaining Agreement between the City of North Miami and the Dade County Police Benevolent Association, the City pays the full cost of health insurance premiums for children and minor dependents of officers killed in the line of duty, provided they were covered by the City's health insurance plan at the time of the officer's death. The coverage continues until such children/minor dependents attain the age of 18 or the age of 25 for full-time students. Currently, 3 children/minor dependents meet those eligibility requirements.

In fiscal year 1997, the City offered a one-time Retirement Incentive to employees who had at least twenty years of City service and who were at least 50 years of age. The incentive was City paid group health premiums until age 65. Nine employees took advantage of this incentive. The annual budget includes premiums for this group of employees and for children/minor dependents of officers killed in the line of duty. Fiscal year 2004 expenditures for these benefits totaled \$92,482 and \$18,948, respectively.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 13. POST EMPLOYMENT BENEFITS (Continued)

Since October 1, 1997, the City provides paid group health insurance premiums until age 65, for elected officials of the City who have served a minimum of eight years and their tenure as an elected official commenced after May 1991.

In addition, since October 2000, the City provides paid group health insurance premiums for any former member of the Administrative Staff who has completed ten years or more of satisfactory service to the City in an administrative position or has completed 25 years or more of satisfactory service with the City.

### NOTE 14. NON-COMMITMENT DEBT

#### *Health Care Facilities Revenue Bonds*

In November 1998, the City issued \$25,040,000 in Health Care Facilities Revenue Bonds to provide funds to the Affordable Community Housing Trust, a non-profit public benefit corporation for the purpose of currently refunding the \$20,515,000 principal amount outstanding of City of North Miami Health Care Facilities Revenue Bonds (the Imperial Club Project), Series 1992 and to provide financing for the cost of certain additional capital improvements to the health care facility. The Imperial Club is an independent elderly living facility located within the geographic boundaries of the County. The City has recorded a receivable of \$149,405 for the annual administrative fees.

#### *Educational Facilities Revenue Bonds*

In November 1999, the City issued \$6,000,000 in Educational Facilities Revenue Bonds to provide financial assistance to Miami Country Day School, Inc., a not-for-profit corporation, for the cost of construction improvements, additions, and renovations to an educational facility, known as Miami Country Day School. In 2004, the City received an annual administrative fee of \$5,250.

In March 2003, the City issued \$24,485,000 in Educational Facilities Revenue Refunding Bonds (Johnson & Wales University Project) Series 2003A, to refund and defease \$23,640,000 in outstanding City of North Miami Educational Facilities Revenue Bonds-Series 1994A and to pay certain other expenses incurred in connection with the issuance of the 2003A Bonds and the refunding and defeasance of the 1994A Bonds. Johnson & Wales University owns and operates a campus located within the geographic limits of the City of North Miami. In 2004, the City received an annual administrative fee in the amount of \$24,397.

#### *Debt Outstanding*

The City acts solely as a lawful conduit in the issuance of the bonds described above and is not liable in any manner. The amount of debt outstanding as of September 30, 2004 was \$24,800,000, \$5,000,000 and \$24,310,000 respectively.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### NOTE 15. PRIOR PERIOD ADJUSTMENTS

#### *Correction of an Error*

It has been determined that certain land remediation costs previously capitalized as costs to the land were in fact land improvements that should have been depreciated. In fiscal year 2004, these land improvements were reclassified, given a 10-year life and depreciated. Accordingly, a prior period adjustment of \$6,341,398 is reflected as an adjustment to the beginning balance of net assets in the Statement of Activities. When the City early implemented Phase I of the GASB 34 financial reporting requirements for fiscal year ended September 30, 2002, this information was not available. Subsequent developments of the former landfill site provided management with better information to furthermore, properly reflect these land improvements. Because of continued development on the property, it was determined that these land improvements would have a short estimated useful life.

Another prior period adjustment of \$41,122 is reflected as an adjustment to the beginning balance of net assets for the Water & Sewer Utility Fund. As a result of a 1993 transaction involving the purchase of land for the new police and museum buildings, and the interfund sale of land formerly used for a water plant, one utility parcel was erroneously overstated. New information was recently found, that prompted the review of this transaction. The information was found as part of the City's final phase of the GASB 34 financial reporting requirements, which includes the infrastructure reporting.

### NOTE 16. SUBSEQUENT EVENTS

In October 2004, during a special council meeting, the City Council approved a resolution approving all of the documents pertaining to the Biscayne Landing development. The Ground Lease is among the documents approved.

On December 22, 2004, \$31,027,000 in grant funds were received from Miami-Dade County and placed in the escrow account to be used for funding the closure (and remediation) of the former landfill site. Refer to Note 12a (ii) for details regarding the establishment of the escrow accounts.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other Than MD&A)**

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# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Taxes:				
Property taxes	\$13,751,411	\$13,751,411	\$13,647,612	\$ (103,799)
Sales and use taxes	826,319	826,319	882,228	55,909
Franchise fees	2,508,950	2,508,950	2,841,720	332,770
Utility service taxes	2,474,300	2,474,300	2,458,734	(15,566)
Communication service tax	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,729,145</u>	<u>29,145</u>
	<u>21,260,980</u>	<u>21,260,980</u>	<u>21,559,439</u>	<u>298,459</u>
Licenses and permits:				
Business licenses and permits	505,550	505,550	522,190	16,640
Construction permits	<u>1,544,466</u>	<u>1,544,466</u>	<u>826,780</u>	<u>(717,686)</u>
	<u>2,050,016</u>	<u>2,050,016</u>	<u>1,348,970</u>	<u>(701,046)</u>
Intergovernmental:				
State revenue sharing	1,375,258	1,375,258	1,690,891	315,633
Grants	3,241,837	3,241,837	1,583,786	(1,658,051)
Other state and local revenues	<u>3,498,725</u>	<u>3,498,725</u>	<u>3,735,771</u>	<u>237,046</u>
	<u>8,115,820</u>	<u>8,115,820</u>	<u>7,010,448</u>	<u>(1,105,372)</u>
Charges for services:				
Public safety	18,000	18,000	17,667	(333)
Culture/recreation	387,675	387,675	377,976	(9,699)
Internal charges	5,386,212	5,386,212	5,386,212	-
Other	<u>237,500</u>	<u>237,500</u>	<u>221,009</u>	<u>(16,491)</u>
	<u>6,029,387</u>	<u>6,029,387</u>	<u>6,002,864</u>	<u>(26,523)</u>
Fines and forfeitures	<u>295,653</u>	<u>295,653</u>	<u>371,843</u>	<u>76,190</u>
Other:				
Interest	98,074	98,074	108,691	10,617
Other	<u>834,334</u>	<u>834,334</u>	<u>1,756,040</u>	<u>921,706</u>
	<u>932,408</u>	<u>932,408</u>	<u>1,864,731</u>	<u>932,323</u>
Total revenues	<u>\$38,684,264</u>	<u>\$38,684,264</u>	<u>\$38,158,295</u>	<u>\$ (525,969)</u>

(Continued)

See notes to budgetary comparison schedule.



# CITY OF NORTH MIAMI, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Budgeted Amounts (1)</u>		<u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Expenditures:				
Current:				
General Government:				
Mayor and council	\$ 289,134	\$ 315,734	\$ 299,744	\$ 15,990
City manager	769,839	775,169	742,590	32,579
City clerk	234,174	236,674	234,446	2,228
Finance	1,821,192	1,821,192	1,634,611	186,581
Legal	660,902	660,902	675,413	(14,511)
Personnel	576,817	574,967	484,320	90,647
Administrative services	950,140	937,700	761,324	176,376
Non-departmental:				
Intragovernment charges for insurance	3,454,063	3,363,165	2,957,021	406,144
Employee benefits	4,469,584	4,469,584	4,382,719	86,865
Other	717,393	768,992	294,466	474,526
Total general government	<u>13,943,238</u>	<u>13,924,079</u>	<u>12,466,654</u>	<u>1,457,425</u>
Public works	2,625,585	2,609,849	2,481,244	128,605
Public safety	13,092,593	13,166,049	12,039,470	1,126,579
Parks and recreation	5,644,593	5,690,540	5,006,677	683,863
Library	693,299	693,419	649,079	44,340
Museum	497,049	503,749	488,849	14,900
Community planning and development	2,143,255	2,173,241	1,252,297	920,944
Grant/aids	446,248	442,048	386,617	55,431
Capital outlay	<u>1,775,940</u>	<u>1,658,826</u>	<u>465,745</u>	<u>1,193,081</u>
Total expenditures	<u>40,861,800</u>	<u>40,861,800</u>	<u>35,236,632</u>	<u>5,625,168</u>
Excess (deficiency) of revenues over expenditures	<u>(2,177,536)</u>	<u>(2,177,536)</u>	<u>2,921,663</u>	<u>5,099,199</u>
Other financing sources (uses):				
Transfers in	1,292,023	1,292,023	827,992	(464,031)
Transfers out	<u>(1,169,646)</u>	<u>(1,169,646)</u>	<u>(1,170,075)</u>	<u>(429)</u>
Total other financing sources	<u>122,377</u>	<u>122,377</u>	<u>(342,083)</u>	<u>(464,460)</u>
Net change in fund balance	<u>\$ (2,055,159)</u>	<u>\$ (2,055,159)</u>	<u>\$ 2,579,580</u>	<u>\$ 4,634,739</u>
Appropriated beginning fund balance	<u>\$ 2,479,759</u>	<u>\$ 2,479,759</u>		

(1) \$424,600 budgeted as reserve for employee benefits

See notes to budgetary comparison schedule.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

FISCAL YEAR ENDED SEPTEMBER 30, 2004

### NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States, except for encumbrances in the General Fund and for all other governmental funds (nonmajor funds). Additionally, interfund loans between funds are budgeted as operating transfers.

- (1) 35 days prior to fiscal year end, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget is restricted to proposed expenditures and the means of financing them by means of appropriated revenues, other financing sources and appropriations of fund balances. Budgetary control over expenditures, including capital outlay and operating transfers in the General Fund is legally maintained at the departmental level.
- (2) Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation.
- (3) Prior to September 28th (unless preempted by TRIM) as stated in the City's Charter, the budget is legally enacted through passage of an ordinance.
- (4) The City Manager may at any time transfer any unencumbered appropriated balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the City Manager and within the last three months of the budget year, the Council may by resolution transfer any unencumbered appropriated balance or portion thereof, from one office, department or agency to another.
- (5) Budgeted amounts are as originally adopted or as amended. No significant revisions to the budget were required in 2004. There were no supplemental appropriations during fiscal year ended September 30, 2004.
- (6) Unencumbered appropriations lapse at year-end.

### NOTE 2. RECONCILIATION OF BUDGETED AND ACTUAL RESULTS

The following adjustments were necessary to present the actual data on a budgetary basis at September 30, 2004:

	<u>General Fund</u>
Net change in fund balance (GAAP)	\$ 1,512,254
September 30, 2003 encumbrances budgeted as 2003 expenditures	1,402,662
September 30, 2004 encumbrances budgeted as 2004 expenditures	(654,808)
Interfund loans budgeted as operating transfers	<u>319,472</u>
Net change in fund balance - (budgetary basis)	<u>\$ 2,579,580</u>

**CITY OF NORTH MIAMI, FLORIDA**  
**CLAIR T. SINGERMAN EMPLOYEES' RETIREMENT SYSTEM**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry <u>Age (b)</u>	Unfunded AAL (UAAL) (1) <u>(b-a)</u>	Funded Ratio <u>(a÷b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)÷c)</u>
October 1, 1999	\$ 58,875,802	\$ 56,780,548	\$ (2,095,254)	103.7%	\$ 14,139,623	(14.8%)
October 1, 2001	62,110,336	59,943,465	(2,166,871)	103.6%	14,453,082	(15.0%)
October 1, 2002	55,291,559	62,380,560	7,089,001	88.6%	15,421,323	46.0%
October 1, 2003	53,926,828	64,432,281	10,505,453	83.7%	15,530,805	67.6%

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# **COMBINING, INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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# **NONMAJOR GOVERNMENTAL FUNDS**

## **SPECIAL REVENUE FUNDS**

**SPECIAL REVENUE FUNDS** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ENTITLEMENT** – This fund is used to account for expenditures of federal funds to provide decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income.

**BISCAYNE BOULEVARD IMPROVEMENT** – This fund is used to account for miscellaneous revenues from code violations, impact fees and miscellaneous billings that are restricted to expenditures for specific current operating purposes.

**LANDFILL CLOSURE** – This fund is used to account for monies required to close the Munisport site (Interama).

**POLICE TRAINING** – This fund is used to account for expenditures of state police training funds on behalf of the City of North Miami police officer training.

**LOCAL HOUSING ASSISTANCE (SHIP)** – This fund is used to account for state funds provided for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing and to increase housing-related employment.

**HOME INVESTMENT PARTNERSHIP**– This fund was created to account for expenditures of federal funds to expand safe, decent, and affordable housing opportunities to low and very-low income households. This fund had no revenues or expenditures in fiscal year 2004 and is presented on a budgetary basis only.

**MULTI-FAMILY REHAB LOAN** – This fund was created to account for proceeds to be received from Miami-Dade County's 2002 Surtax monies to be utilized in the City's Multi-Family Housing Rehabilitation Program. There was no activity in this fund during 2004 and it is presented on a budgetary basis only.

**HALF-CENT TRANSPORTATION SURTAX** – This fund is used to account for the City's prorated share of the Charter County Transit System Surtax proceeds. The monies received can be used toward projects and programs such as public transportation operations and maintenance, roadway and right-of-way maintenance and equipment, street lighting, and transit system enhancements.

**DOWNTOWN INCENTIVES** – This fund was created to provide grants for capital expenditures for eligible businesses and to assist new eligible businesses with rental agreement commitments.

**LAW ENFORCEMENT** – This fund is used to account for confiscated monies awarded to the City under State Statutes to be used for law enforcement related expenditures.

**FEDERAL FORFEITURE** – This fund is used to account for confiscated monies that involve the City's Police department and federal agencies.

**LAW ENFORCEMENT BLOCK GRANT** – This fund is used to account for the City's entitlement under the local law enforcement block grant program.

## **DEBT SERVICE FUNDS**

The **DEBT SERVICE FUNDS** are used to account for the accumulation of resources and payment of general obligation loan principal and interest from governmental resources and special obligation bond principal and interest when the government is obligated in some manner for the payment.

**FMLC LOAN (GENERAL OBLIGATION)** – This fund is used to account for monies for payment of principal, interest, and other costs related to the loan agreement with the Florida Municipal Loan Council. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC-Series 2002A) and used to currently refund the 1992 General Obligation bond issuance. Debt service is financed primarily by ad valorem taxes.

**TAXABLE SPECIAL OBLIGATION REFUNDING BONDS – SERIES 2002 (PENSION OBLIGATION BONDS)** – This fund is used to account for monies for payment of principal, interest and other costs related to the Series 2002 Taxable Special Obligation Refunding Bonds issuance. The bonds were issued for the purpose of advance refunding outstanding Taxable Special Obligation Bonds Series 1997 (pension funding project). Debt service is financed by non-ad valorem funds budgeted and appropriated by the City on an annual basis.

## **CAPITAL PROJECTS FUNDS**

**CAPITAL PROJECTS FUNDS** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**SAFE NEIGHBORHOOD PARKS** – This fund is used to account for the receipt and expenditure of funds from the County's parks bond issuance.

**CITY OF PROGRESS CAPITAL IMPROVEMENT** – This fund is used to account for expenditures related to miscellaneous capital projects.

**E. MAY AVIL LIBRARY** – This fund was established to account for expenditures for library renovation and expansion.

**TRANSPORTATION GAS TAX** – This fund is used to account for expenditures for implementing transportation related capital improvements. The local option gas tax is a county imposed tax, collected by the State of Florida, and distributed back to counties and municipalities based on the interlocal agreement in effect for that year.

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	Special Revenue										Total
	CDBG Entitlement	Biscayne Boulevard Improvement	Landfill Closure	Police Trainin	Local Housing Assistance (SHIP)	Downtown Incentives	Law Enforcement	Federal Forfeiture	Law Enforcement Block Grant	Half Cent Transportation Surtax	
<b><u>ASSETS</u></b>											
Cash and cash equivalents	\$ -	\$ 6,115	\$ 171,253	\$ 3,453	\$ 254,017	\$ 23,355	\$ 5,245	\$ 1,349	\$ 106,411	\$ 540,416	\$ 1,111,614
Investments	-	-	-	-	-	-	200,000	-	50,000	1,450,000	1,700,000
Receivables	149,842	-	-	-	84,480	-	4,078	-	70	424,360	662,830
Due from other funds	28,595	-	28,595	-	-	-	-	-	-	-	57,190
Other assets	-	-	4	-	-	-	-	-	-	-	4
Total assets	<u>\$ 178,437</u>	<u>\$ 6,115</u>	<u>\$ 199,852</u>	<u>\$ 3,453</u>	<u>\$ 338,497</u>	<u>\$ 23,355</u>	<u>\$ 209,323</u>	<u>\$ 1,349</u>	<u>\$ 156,481</u>	<u>\$ 2,414,776</u>	<u>\$ 3,531,638</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>											
Liabilities:											
Accounts payable and accrued liabilities	\$ 21,536	\$ -	\$ 131	\$ -	\$ 16,357	\$ 474	\$ 6,914	\$ 76	\$ 39	\$ 18,756	\$ 64,283
Contracts and retainage payable	1,830	-	-	-	-	-	-	-	-	3,559	5,389
Due to other funds	95,916	-	9,117	-	-	-	-	-	-	-	105,033
Due to other governmental units	142	-	-	-	-	-	-	-	-	6	148
Deferred revenue	59,013	-	-	-	-	-	-	-	-	-	59,013
Total liabilities	<u>178,437</u>	<u>-</u>	<u>9,248</u>	<u>-</u>	<u>16,357</u>	<u>474</u>	<u>6,914</u>	<u>76</u>	<u>39</u>	<u>22,321</u>	<u>233,866</u>
Fund balances:											
Reserved for encumbrances	-	-	-	-	-	-	42	-	8,811	258,224	267,077
Reserved for debt service	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	6,115	190,604	3,453	322,140	22,881	202,367	1,273	147,631	2,134,231	3,030,695
Total fund balances	<u>-</u>	<u>6,115</u>	<u>190,604</u>	<u>3,453</u>	<u>322,140</u>	<u>22,881</u>	<u>202,409</u>	<u>1,273</u>	<u>156,442</u>	<u>2,392,455</u>	<u>3,297,772</u>
Total liabilities and fund balances	<u>\$ 178,437</u>	<u>\$ 6,115</u>	<u>\$ 199,852</u>	<u>\$ 3,453</u>	<u>\$ 338,497</u>	<u>\$ 23,355</u>	<u>\$ 209,323</u>	<u>\$ 1,349</u>	<u>\$ 156,481</u>	<u>\$ 2,414,776</u>	<u>\$ 3,531,638</u>

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	<u>Debt Service</u>			<u>Capital Projects</u>					
	FMLC-Loan	Pension		City of		Safe	E. May		Total
	General	Obligation		Progress	Transportation	Neighborhood	Avil		Nonmajor
	<u>Obligation</u>	<u>Bonds</u>	<u>Total</u>	<u>Capital</u>	<u>Gas Tax</u>	<u>Parks</u>	<u>Library</u>	<u>Total</u>	<u>Funds</u>
<u>ASSETS</u>									
Cash and cash equivalents	\$ -	\$ 23,129	\$ 23,129	\$ 88,407	\$ 470,387	\$ -	\$ 1,623	\$ 560,417	\$ 1,695,160
Investments	-	-	-	500,000	250,000	-	-	750,000	2,450,000
Receivables	6,101	-	6,101	755	59,048	54,098	-	113,901	782,832
Due from other funds	-	-	-	-	-	-	-	-	57,190
Other assets	-	4,041	4,041	-	-	-	-	-	4,045
Total assets	<u>\$ 6,101</u>	<u>\$ 27,170</u>	<u>\$ 33,271</u>	<u>\$ 589,162</u>	<u>\$ 779,435</u>	<u>\$ 54,098</u>	<u>\$ 1,623</u>	<u>\$ 1,424,318</u>	<u>\$ 4,989,227</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 255	\$ 6,737	\$ 6,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,275
Accrued bond interest	-	20,433	20,433	-	-	-	-	-	20,433
Contracts and retainage payable	-	-	-	-	9,443	-	-	9,443	14,832
Due to other funds	7,041	-	7,041	119,470	-	54,098	-	173,568	285,642
Due to other governmental units	-	-	-	-	9	-	-	9	157
Deferred revenue	-	-	-	-	-	-	-	-	59,013
Total liabilities	<u>7,296</u>	<u>27,170</u>	<u>34,466</u>	<u>119,470</u>	<u>9,452</u>	<u>54,098</u>	<u>-</u>	<u>183,020</u>	<u>451,352</u>
Fund balances:									
Reserved for encumbrances	-	-	-	-	275	-	-	275	267,352
Unreserved	(1,195)	-	(1,195)	469,692	769,708	-	1,623	1,241,023	4,270,523
Total fund balances	<u>(1,195)</u>	<u>-</u>	<u>(1,195)</u>	<u>469,692</u>	<u>769,983</u>	<u>-</u>	<u>1,623</u>	<u>1,241,298</u>	<u>4,537,875</u>
Total liabilities and fund balances	<u>\$ 6,101</u>	<u>\$ 27,170</u>	<u>\$ 33,271</u>	<u>\$ 589,162</u>	<u>\$ 779,435</u>	<u>\$ 54,098</u>	<u>\$ 1,623</u>	<u>\$ 1,424,318</u>	<u>\$ 4,989,227</u>



# CITY OF NORTH MIAMI, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue										
	CDBG	Biscayne	Landfill	Police	Local	Downtown	Law	Federal	Law	Half Cent	
	Entitlement	Boulevard	Closure	Training	Housing	Incentives	Enforcement	Forfeiture	Enforcement	Transportation	Total
		Improvement			Assistance				Block Grant	Surtax	
Revenues:											
Intergovernmental	\$ 377,106	\$ -	\$ 95,547	\$ 9,242	\$ 464,805	\$ -	\$ -	\$ -	\$ 64,355	\$ 1,742,129	\$ 2,753,184
Taxes	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	205,062	-	-	-	205,062
Other (including interest)	190,045	16	19,854	3	36,706	96	5,040	339	1,721	8,501	262,321
Total revenues	<u>567,151</u>	<u>16</u>	<u>115,401</u>	<u>9,245</u>	<u>501,511</u>	<u>96</u>	<u>210,102</u>	<u>339</u>	<u>66,076</u>	<u>1,750,630</u>	<u>3,220,567</u>
Expenditures:											
Current:											
Public safety	-	-	-	8,171	-	-	172,335	42,139	130,407	-	353,052
Highways and streets	-	-	-	-	-	-	-	-	-	245,668	245,668
Community planning and development	394,623	-	-	-	-	-	-	-	-	-	394,623
Physical environment	-	-	176,350	-	-	-	-	-	-	-	176,350
Economic environment	-	-	-	-	5,881	7,878	-	-	-	-	13,759
Grants/aid	172,528	-	-	-	-	19,700	-	-	-	-	192,228
Capital outlay	-	-	-	-	-	-	-	-	78,867	250,074	328,941
Debt service:											
Principal retirement	-	-	976,316	-	-	-	-	-	-	-	976,316
Interest and fiscal charges	-	-	23,684	-	-	-	-	-	-	-	23,684
Total expenditures	<u>567,151</u>	<u>-</u>	<u>1,176,350</u>	<u>8,171</u>	<u>5,881</u>	<u>27,578</u>	<u>172,335</u>	<u>42,139</u>	<u>209,274</u>	<u>495,742</u>	<u>2,704,621</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>16</u>	<u>(1,060,949)</u>	<u>1,074</u>	<u>495,630</u>	<u>(27,482)</u>	<u>37,767</u>	<u>(41,800)</u>	<u>(143,198)</u>	<u>1,254,888</u>	<u>515,946</u>
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	-	16,294	-	16,294
Transfers out	-	-	-	-	-	-	(30,188)	(16,294)	-	-	(46,482)
Debt issued	-	-	500,000	-	-	-	-	-	-	-	500,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,188)</u>	<u>(16,294)</u>	<u>16,294</u>	<u>-</u>	<u>469,812</u>
Net change in fund balances	-	16	(560,949)	1,074	495,630	(27,482)	7,579	(58,094)	(126,904)	1,254,888	985,758
Fund balances, beginning	-	6,099	751,553	2,379	(173,490)	50,363	194,830	59,367	283,346	1,137,567	2,312,014
Fund balances, ending	<u>\$ -</u>	<u>\$ 6,115</u>	<u>\$ 190,604</u>	<u>\$ 3,453</u>	<u>\$ 322,140</u>	<u>\$ 22,881</u>	<u>\$ 202,409</u>	<u>\$ 1,273</u>	<u>\$ 156,442</u>	<u>\$ 2,392,455</u>	<u>\$ 3,297,772</u>

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>Debt Service</u>			<u>Capital Projects</u>				Total	
	FMLC-Loan General Obligation	Pension Obligation Bonds	Total	City of Progress Capital Improvement	Transportation Gas Tax	Safe Neighborhood Parks	E. May Avil Library	Total	Total Nonmajor Governmental Funds
Revenues:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 339,700	\$ 54,098	\$ -	\$ 393,798	\$ 3,146,982
Taxes	422,091	-	422,091	-	-	-	-	-	422,091
Fines and forfeitures	-	-	-	-	-	-	-	-	205,062
Other (including interest)	-	-	-	9,754	3,161	-	1,063	13,978	276,299
Total revenues	<u>422,091</u>	<u>-</u>	<u>422,091</u>	<u>9,754</u>	<u>342,861</u>	<u>54,098</u>	<u>1,063</u>	<u>407,776</u>	<u>4,050,434</u>
Expenditures:									
Current:									
Public safety	-	-	-	-	-	-	-	-	353,052
Highways and streets	-	-	-	-	-	-	-	-	245,668
Community planning and development	-	-	-	-	-	-	-	-	394,623
Physical environment	-	-	-	-	-	-	-	-	176,350
Economic environment	-	-	-	-	-	-	-	-	13,759
Grants/aid	-	-	-	-	-	-	-	-	192,228
Capital outlay	-	-	-	-	25,433	54,098	-	79,531	408,472
Debt service:									
Principal retirement	280,000	160,000	440,000	-	-	-	-	-	1,416,316
Interest and fiscal charges	<u>141,675</u>	<u>1,048,514</u>	<u>1,190,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,213,873</u>
Total expenditures	<u>421,675</u>	<u>1,208,514</u>	<u>1,630,189</u>	<u>-</u>	<u>25,433</u>	<u>54,098</u>	<u>-</u>	<u>79,531</u>	<u>4,414,341</u>
Excess (deficiency) of revenues over expenditures	<u>416</u>	<u>(1,208,514)</u>	<u>(1,208,098)</u>	<u>9,754</u>	<u>317,428</u>	<u>-</u>	<u>1,063</u>	<u>328,245</u>	<u>(363,907)</u>
Other financing sources (uses):									
Transfers in	-	1,208,514	1,208,514	-	-	-	-	-	1,224,808
Transfers out	-	-	-	(90,030)	-	-	-	(90,030)	(136,512)
Debt issued	-	-	-	-	-	-	-	-	500,000
Total other financing sources (uses)	<u>-</u>	<u>1,208,514</u>	<u>1,208,514</u>	<u>(90,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,030)</u>	<u>1,588,296</u>
Net change in fund balances	416	-	416	(80,276)	317,428	-	1,063	238,215	1,224,389
Fund balances, beginning	<u>(1,611)</u>	<u>-</u>	<u>(1,611)</u>	<u>549,968</u>	<u>452,555</u>	<u>-</u>	<u>560</u>	<u>1,003,083</u>	<u>3,313,486</u>
Fund balances, ending	<u>\$ (1,195)</u>	<u>\$ -</u>	<u>\$ (1,195)</u>	<u>\$ 469,692</u>	<u>\$ 769,983</u>	<u>\$ -</u>	<u>\$ 1,623</u>	<u>\$ 1,241,298</u>	<u>\$ 4,537,875</u>

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS NONMAJOR GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue															
	CDBG Entitlement				Biscayne Boulevard Improvement				Landfill Closure				Multi-Fam Rehab Loan Program			
	(1)			Variance with Final Budget-Positive	(2)			Variance with Final Budget-Positive	(3)			Variance with Final Budget-Positive				Variance with Final Budget-Positive
	Budgeted Amounts	Actual		Budget-Positive	Budgeted Amounts	Actual	Budget-Positive	Budgeted Amounts	Actual	Budget-Positive	Budgeted Amounts	Actual	Budget-Positive	Budgeted Amounts	Actual	Budget-Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	Original	Final	Amounts	Original	Final	Amounts	Original	Final	Amounts
Revenues:																
Intergovernmental	\$2,281,250	\$2,281,250	\$377,106	\$(1,904,144)	\$ -	\$ -	\$ -	\$ -	\$1,000,000	\$1,000,000	\$ 95,548	\$(904,452)	\$500,000	\$500,000	\$ -	\$(500,000)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	3,259	3,259	190,045	186,786	20,045	20,045	16	(20,029)	1,566	1,566	19,854	18,288	7,500	7,500	-	(7,500)
Total revenues	2,284,509	2,284,509	567,151	(1,717,358)	20,045	20,045	16	(20,029)	1,001,566	1,001,566	115,402	(886,164)	507,500	507,500	-	(507,500)
Expenditures:																
Current:																
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community planning and development	461,020	462,820	388,182	74,638	-	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	204,436	204,436	176,350	28,086	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-	5,000
Grants/aid	1,259,037	1,578,639	172,528	1,406,111	-	-	-	-	-	-	-	-	502,500	502,500	-	502,500
Capital outlay	244,253	242,453	-	242,453	-	-	-	-	454,619	454,619	-	454,619	-	-	-	-
Debt service:																
Principal retirement	-	-	-	-	-	-	-	-	975,000	976,316	976,316	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	25,000	23,684	23,684	-	-	-	-	-
Total expenditures	1,964,310	2,283,912	560,710	1,723,202	-	-	-	-	1,659,055	1,659,055	1,176,350	482,705	507,500	507,500	-	507,500
Excess (deficiency) of revenues over expenditures	320,199	597	6,441	5,844	20,045	20,045	16	(20,029)	(657,489)	(657,489)	(1,060,948)	(403,459)	-	-	-	-
Other financing sources (uses):																
Transfers in	15,564	15,564	-	(15,564)	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-	-	-	-	500,000	500,000	-	-	-	-
Total other financing sources (uses)	15,564	15,564	-	(15,564)	-	-	-	-	-	-	500,000	500,000	-	-	-	-
Net change in fund balance	\$ 335,763	\$ 16,161	\$ 6,441	\$(9,720)	\$20,045	\$20,045	\$ 16	\$(20,029)	\$(657,489)	\$(657,489)	\$(560,948)	\$ 96,541	\$ -	\$ -	\$ -	\$ -
Appropriated beginning fund balance	\$ 4,001	\$ 4,001			\$ 6,103	\$ 6,103			\$ 661,489	\$ 661,489			\$ -	\$ -		

- (1) \$20,162 budgeted as reserve for employee benefits and future appropriation  
(2) \$26,148 budgeted as reserve for future appropriation.  
(3) \$4,000 budgeted as reserve for employee benefits and vacation/sick leave

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue															
	Police Training				Local Housing Assistance (SHIP)				Half Cent Transportation Surtax				Home Investment Partnership			
			Variance with Final Budget- Positive (Negative)			Variance with Final Budget- Positive (Negative)	(4)		Variance with Final Budget- Positive (Negative)			Variance with Final Budget- Positive (Negative)				
	Budgeted Amounts			Budgeted Amounts			Budgeted Amounts			Budgeted Amounts						
	Original	Final		Original	Final		Original	Final		Original	Final					
Revenues:																
Intergovernmental	\$ 9,100	\$ 9,100	\$ 9,242	\$ 142	\$ 288,772	\$ 288,772	\$ 464,805	\$ 176,033	\$ 1,400,000	\$ 1,400,000	\$ 1,742,129	\$ 342,129	\$ 750,000	\$ 750,000	\$ -	\$ (750,000)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	20	20	3	(17)	-	-	36,706	36,706	-	-	8,501	8,501	-	-	-	-
Total revenues	9,120	9,120	9,245	125	288,772	288,772	501,511	212,739	1,400,000	1,400,000	1,750,630	350,630	750,000	750,000	-	(750,000)
Expenditures:																
Current:																
Public safety	10,747	10,747	8,171	2,576	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	509,555	543,779	341,464	202,315	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	30,678	30,548	5,881	24,667	-	-	-	-	122,000	122,000	-	122,000
Grants/aid	-	-	-	-	20,475	20,605	-	20,605	-	-	-	-	615,000	615,000	-	615,000
Capital outlay	-	-	-	-	-	-	-	-	795,772	767,277	412,502	354,775	3,000	3,000	-	3,000
Debt service:																
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,747	10,747	8,171	2,576	51,153	51,153	5,881	45,272	1,305,327	1,311,056	753,966	557,090	740,000	740,000	-	740,000
Excess (deficiency) of revenues over expenditures	(1,627)	(1,627)	1,074	2,701	237,619	237,619	495,630	258,011	94,673	88,944	996,664	907,720	10,000	10,000	-	(10,000)
Other financing sources (uses):																
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(350,000)	(350,000)	(350,000)	-	-	-	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(350,000)	(350,000)	(350,000)	-	-	-	-	-	-	-	-	-
Net change in fund balance	\$ (1,627)	\$ (1,627)	\$ 1,074	\$ 2,701	\$ (112,381)	\$ (112,381)	\$ 145,630	\$ 258,011	\$ 94,673	\$ 88,944	\$ 996,664	\$ 907,720	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Appropriated beginning fund balance	\$ 1,627	\$ 1,627			\$ 112,381	\$ 112,381			\$ 1,000,000	\$ 1,000,000			\$ -	\$ -		

(4) \$1,088,944 budgeted as reserve for future appropriation

(5) \$10,000 budgeted as reserve for future appropriation

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue															
	Downtown Incentives				Law Enforcement				Federal Forfeiture				Law Enforcement Block Grant			
			Actual Amounts	Variance with Final Budget- Positive (Negative)			Actual Amounts	Variance with Final Budget- Positive (Negative)	(6)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(7)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final			Budgeted Original	Budgeted Final		
Revenues:																
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,900	\$ 110,900	\$ 64,355	\$ (46,545)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	205,061	205,061	-	-	-	-	-	-	-	-
Other (including interest)	630	630	96	(534)	3,292	3,292	5,040	1,748	1,173	1,173	339	(834)	2,404	2,404	1,721	(683)
Total revenues	630	630	96	(534)	3,292	3,292	210,101	206,809	1,173	1,173	339	(834)	113,304	113,304	66,076	(47,228)
Expenditures:																
Current:																
Public safety	-	-	-	-	-	125,418	168,188	(42,770)	-	50,176	41,541	8,635	21,665	123,401	119,691	3,710
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	10,000	10,000	7,878	2,122	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	25,529	25,529	19,700	5,829	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	153,000	199,410	71,210	128,200
Debt service:																
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	35,529	35,529	27,578	7,951	-	125,418	168,188	(42,770)	-	50,176	41,541	8,635	174,665	322,811	190,901	131,910
Excess (deficiency) of revenues over expenditures	(34,899)	(34,899)	(27,482)	7,417	3,292	(122,126)	41,913	164,039	1,173	(49,003)	(41,202)	7,801	(61,361)	(209,507)	(124,825)	84,682
Other financing sources (uses):																
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	16,294	16,294	16,294	-
Transfers out	-	-	-	-	(86,113)	(86,113)	(110,536)	(24,423)	(16,294)	(16,294)	(16,294)	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(86,113)	(86,113)	(110,536)	(24,423)	(16,294)	(16,294)	(16,294)	-	16,294	16,294	16,294	-
Net change in fund balance	\$ (34,899)	\$ (34,899)	\$ (27,482)	\$ 7,417	\$ (82,821)	\$ (208,239)	\$ (68,623)	\$ 139,616	\$ (15,121)	\$ (65,297)	\$ (57,496)	\$ 7,801	\$ (45,067)	\$ (193,213)	\$ (108,531)	\$ 84,682
Appropriated beginning fund balance	\$ 34,899	\$ 34,899			\$ 208,239	\$ 208,239			\$ 80,936	\$ 80,936			\$ 315,255	\$ 315,255		

(6) \$15,639 budgeted as reserve for future appropriation

(7) \$122,042 budgeted as reserve for future appropriation

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Debt Service							
	FMLC - Loan General Obligation				Pension Obligation Bonds			
	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> with Final Budget- Positive <u>(Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> with Final Budget- Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Revenues:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	416,587	416,587	422,091	5,504	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	-	-	-	-
Total revenues	<u>416,587</u>	<u>416,587</u>	<u>422,091</u>	<u>5,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	280,000	280,000	280,000	-	160,000	160,000	160,000	-
Interest and fiscal charges	141,676	141,676	141,676	-	1,047,883	1,047,883	1,048,514	(631)
Total expenditures	<u>421,676</u>	<u>421,676</u>	<u>421,676</u>	<u>-</u>	<u>1,207,883</u>	<u>1,207,883</u>	<u>1,208,514</u>	<u>(631)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,089)</u>	<u>(5,089)</u>	<u>415</u>	<u>5,504</u>	<u>(1,207,883)</u>	<u>(1,207,883)</u>	<u>(1,208,514)</u>	<u>(631)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	1,207,883	1,207,883	1,208,514	631
Transfers out	-	-	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,207,883</u>	<u>1,207,883</u>	<u>1,208,514</u>	<u>631</u>
Net change in fund balance	<u>\$ (5,089)</u>	<u>\$ (5,089)</u>	<u>\$ 415</u>	<u>\$ 5,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated beginning fund balance	<u>\$ 5,089</u>	<u>\$ 5,089</u>			<u>\$ -</u>	<u>\$ -</u>		

(Continued)

# CITY OF NORTH MIAMI, FLORIDA

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Capital Projects															
	Safe Neighborhood Parks				City of Progress Capital Improvement				E. May Avil Library				Transportation Gas Tax			
	(8)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(9)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(10)		Actual Amounts	Variance with Final Budget- Positive (Negative)	(11)		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Budgeted Amounts				Budgeted Amounts				Budgeted Amounts				Budgeted Amounts			
	Original	Final			Original	Final			Original	Final			Original	Final		
Revenues:																
Intergovernmental	\$ 438,800	\$ 438,800	\$ 54,098	\$ (384,702)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,374	\$ 331,374	\$ 339,700	\$ 8,326
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (including interest)	-	-	-	-	6,750	6,750	9,753	3,003	500	500	1,063	563	6,905	6,905	3,161	(3,744)
Total revenues	438,800	438,800	54,098	(384,702)	6,750	6,750	9,753	3,003	500	500	1,063	563	338,279	338,279	342,861	4,582
Expenditures:																
Current:																
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community planning and development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants/aid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	408,800	408,800	55,373	353,427	-	-	-	-	-	-	-	-	571,395	571,395	17,214	554,181
Debt service:																
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	408,800	408,800	55,373	353,427	-	-	-	-	-	-	-	-	571,395	571,395	17,214	554,181
Excess (deficiency) of revenues over expenditures	30,000	30,000	(1,275)	(31,275)	6,750	6,750	9,753	3,003	500	500	1,063	563	(233,116)	(233,116)	325,647	558,763
Other financing sources (uses):																
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(533,484)	(533,484)	(90,030)	443,454	-	-	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(533,484)	(533,484)	(90,030)	443,454	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 30,000	\$ 30,000	\$ (1,275)	\$ (31,275)	\$ (526,734)	\$ (526,734)	\$ (80,277)	\$ 446,457	\$ 500	\$ 500	\$ 1,063	\$ 563	\$ (233,116)	\$ (233,116)	\$ 325,647	\$ 558,763
Appropriated beginning fund balance	\$ -	\$ -			\$ 574,219	\$ 574,219			\$ 560	\$ 560			\$ 322,599	\$ 322,599		

(8) \$30,000 budgeted as reserve for future appropriation.

(9) \$47,485 budgeted as reserve for future appropriation.

(10) \$1,060 budgeted as reserve for future appropriation.

(11) \$89,483 budgeted as reserve for future appropriation.

## **INTERNAL SERVICE FUNDS**

**INTERNAL SERVICE FUNDS** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis.

**GENERAL RISK MANAGEMENT** – This fund is used to account for the cost of insuring the City in the areas of property and casualty liability, public officials' and law enforcement officers' liability and workers' compensation. Departments of the City are assessed a charge based upon the funding needs of the fund.

**GROUP HEALTH RISK MANAGEMENT** – This fund was established to account for the cost of the City's self-insurance program for employee medical coverage.

Effective January 1, 1998, the City was no longer self-insured for group health. Beginning in fiscal year 2000, remaining funds in the health insurance trust fund are being appropriated for the purpose of providing health insurance premiums for City employees. The appropriation of funds will be amortized over a minimum of five years.

**FLEET MANAGEMENT** – This fund is used to account for the costs and funding of providing motor vehicles and heavy equipment to other departments.



# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS

SEPTEMBER 30, 2004

<u>ASSETS</u>	<u>General Risk Management</u>	<u>Group Health Risk Management</u>	<u>Fleet Management</u>	<u>Totals</u>
Current:				
Cash and cash equivalents	\$ 934,903	\$ 5,857	\$ 509,694	\$ 1,450,454
Investments	4,200,000	-	2,000,000	6,200,000
Receivables	13,878	-	42,958	56,836
Due from other funds	80,147	-	17,645	97,792
Inventories and supplies	-	-	50,397	50,397
Other assets	21,928	-	574	22,502
Total current assets	<u>5,250,856</u>	<u>5,857</u>	<u>2,621,268</u>	<u>7,877,981</u>
Non-current:				
Interfund receivable	150,840	-	70,582	221,422
Advances to other funds	-	-	162,356	162,356
Capital assets:				
Buildings	-	-	111,493	111,493
Land improvements	-	-	508,302	508,302
Equipment	6,411	-	11,507,400	11,513,811
Construction work in process	-	-	18,474	18,474
Accumulated depreciation	(4,222)	-	(8,665,948)	(8,670,170)
Total non-current assets	<u>153,029</u>	<u>-</u>	<u>3,712,659</u>	<u>3,865,688</u>
Total assets	<u>5,403,885</u>	<u>5,857</u>	<u>6,333,927</u>	<u>11,743,669</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued liabilities	96,396	-	147,156	243,552
Due to other government units	-	-	1,923	1,923
Due to other funds	494,691	-	-	494,691
Total current liabilities	<u>591,087</u>	<u>-</u>	<u>149,079</u>	<u>740,166</u>
Non-current:				
Interfund payable	1,750,011	-	-	1,750,011
Compensated absences	47,753	-	323,938	371,691
Estimated claims payable	3,015,034	-	-	3,015,034
Total non-current liabilities	<u>4,812,798</u>	<u>-</u>	<u>323,938</u>	<u>5,136,736</u>
Total liabilities	<u>5,403,885</u>	<u>-</u>	<u>473,017</u>	<u>5,876,902</u>
 <u>NET ASSETS</u>				
Net assets:				
Invested in capital assets	2,189	-	3,479,721	3,481,910
Unrestricted	(2,189)	5,857	2,381,189	2,384,857
Total net assets	<u>\$ -</u>	<u>\$ 5,857</u>	<u>\$ 5,860,910</u>	<u>\$ 5,866,767</u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FISCAL YEAR ENDED SEPTEMBER 30, 2004

	General Risk <u>Management</u>	Group Health Risk <u>Management</u>	Fleet <u>Management</u>	<u>Totals</u>
Operating revenues:				
Motor vehicle charges	\$ -	\$ -	\$ 3,043,404	\$ 3,043,404
Other charges for services	<u>1,804,504</u>	<u>-</u>	<u>30,916</u>	<u>1,835,420</u>
Total operating revenues	<u>1,804,504</u>	<u>-</u>	<u>3,074,320</u>	<u>4,878,824</u>
Operating expenses:				
Personal services	226,190	-	1,151,649	1,377,839
Claims	769,539	-	-	769,539
Materials, supplies, services and other operating expenses	1,014,074	-	1,053,657	2,067,731
Depreciation	<u>729</u>	<u>-</u>	<u>1,155,649</u>	<u>1,156,378</u>
Total operating expenses	<u>2,010,532</u>	<u>-</u>	<u>3,360,955</u>	<u>5,371,487</u>
Operating loss	<u>(206,028)</u>	<u>-</u>	<u>(286,635)</u>	<u>(492,663)</u>
Non-operating revenues:				
Interest income	60,168	6,213	30,514	96,895
Grants	-	-	6,966	6,966
Miscellaneous	<u>157,341</u>	<u>-</u>	<u>112,646</u>	<u>269,987</u>
Total non-operating revenues	<u>217,509</u>	<u>6,213</u>	<u>150,126</u>	<u>373,848</u>
Income (loss) before transfers	11,481	6,213	(136,509)	(118,815)
Transfers out	<u>(11,481)</u>	<u>(357,774)</u>	<u>(55,592)</u>	<u>(424,847)</u>
Net loss	-	(351,561)	(192,101)	(543,662)
Net assets, beginning	<u>-</u>	<u>357,418</u>	<u>6,053,011</u>	<u>6,410,429</u>
Net assets, ending	<u>\$ -</u>	<u>\$ 5,857</u>	<u>\$ 5,860,910</u>	<u>\$ 5,866,767</u>

# CITY OF NORTH MIAMI, FLORIDA

## STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	General Risk Management	General Health Risk Management	Fleet Management	Totals
Cash flows from operating activities:				
Cash received from customers, including cash deposits	\$ 157,342	\$ -	\$ 49,660	\$ 207,002
Interfund services provided and used	2,676,336	-	2,978,310	5,654,646
Gasoline tax refund	-	-	31,958	31,958
Cash payments to suppliers	(929,406)	-	(955,098)	(1,884,504)
Claim payments	(769,539)	-	-	(769,539)
Cash payments to employees	(217,743)	-	(1,194,972)	(1,412,715)
Net cash provided by operating activities	<u>916,990</u>	<u>-</u>	<u>909,858</u>	<u>1,826,848</u>
Cash flows from non-capital financing activities:				
Repayment of interfund loans	-	106,688	39,663	146,351
Transfers to other funds	(11,481)	(357,774)	(55,592)	(424,847)
Net cash provided (used) by non-capital financing activities	<u>(11,481)</u>	<u>(251,086)</u>	<u>(15,929)</u>	<u>(278,496)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	(635,439)	(635,439)
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(635,439)</u>	<u>(635,439)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	800,000	-	700,000	1,500,000
Purchase of investments	(2,050,000)	-	(1,500,000)	(3,550,000)
Interest received	55,625	6,213	29,000	90,838
Net cash provided (used) by investing activities	<u>(1,194,375)</u>	<u>6,213</u>	<u>(771,000)</u>	<u>(1,959,162)</u>
Net (decrease) in cash and cash equivalents	(288,866)	(244,873)	(512,510)	(1,046,249)
Cash and cash equivalents, beginning	<u>1,223,769</u>	<u>250,730</u>	<u>1,022,204</u>	<u>2,496,703</u>
Cash and cash equivalents, ending	<u>\$ 934,903</u>	<u>\$ 5,857</u>	<u>\$ 509,694</u>	<u>\$ 1,450,454</u>

# CITY OF NORTH MIAMI, FLORIDA

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	General Risk <u>Management</u>	Group Health Risk <u>Management</u>	Fleet <u>Management</u>	<u>Totals</u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (206,028)	\$ -	\$ (286,635)	\$ (492,663)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	729	-	1,155,649	1,156,378
Other income	157,342	-	113,307	270,649
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Miscellaneous receivables	-	-	(2,005)	(2,005)
Inventories	-	-	3,523	3,523
Due from other funds	131,862	-	(17,645)	114,217
Interfund receivables	467,619	-	(70,582)	397,037
Other assets	20,175	-	(67)	20,108
Increase (decrease) in:				
Accounts payable	61,373	-	28,635	90,008
Accrued liabilities	(1,437)	-	(2,989)	(4,426)
Estimated claims payable	(1,720,147)	-	-	(1,720,147)
Compensated absences	10,252	-	18,217	28,469
Interfund payables	1,750,011	-	(20,200)	1,729,811
Due to other funds	245,607	-	(5,954)	239,653
Due to other government units	-	-	1,375	1,375
Accrued payroll deductions	(368)	-	(4,771)	(5,139)
Total adjustments	<u>1,123,018</u>	<u>-</u>	<u>1,196,493</u>	<u>2,319,511</u>
Net cash provided by operating activities	<u>\$ 916,990</u>	<u>\$ -</u>	<u>\$ 909,858</u>	<u>\$ 1,826,848</u>

Note: All short-term investments are reported at cost, which approximates fair value, therefore, there is no change in the fair value of investments.

## **PENSION TRUST FUNDS**

**THE CTS AND 748 PENSION PLANS** — These funds are used to account for the accumulation of resources to be used for retirement benefits to City employees. Resources are contributed by employees (at rates fixed by law) and by the City (at amounts determined by actuarial valuations).

# CITY OF NORTH MIAMI, FLORIDA

## PENSION TRUST FUNDS COMBINING STATEMENT OF FIDUCIARY NET ASSETS SEPTEMBER 30, 2004

<u>ASSETS</u>	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
Cash and short-term investments	\$ 2,084,207	\$ 1,177,251	\$ 3,261,458
Investments, at fair value:			
U.S. Treasury bonds and notes	6,138,672	2,365,914	8,504,586
U.S. Agency obligations	2,567,607	1,660,546	4,228,153
Corporate bonds	11,199,336	3,920,057	15,119,393
Common stock	29,677,974	12,843,304	42,521,278
Total investments	<u>49,583,589</u>	<u>20,789,821</u>	<u>70,373,410</u>
Receivables:			
Plan member contributions	17,014	5,023	22,037
Miami-Dade County	36,146	-	36,146
CNM Police Share Plan	12,964	162,238	175,202
Receivable from broker on investments sold	114,514	34,989	149,503
Accrued interest	220,859	101,062	321,921
Accrued dividends	29,418	11,159	40,577
Total receivables	<u>430,915</u>	<u>314,471</u>	<u>745,386</u>
Prepaid expense	<u>-</u>	<u>939</u>	<u>939</u>
Total assets	<u>52,098,711</u>	<u>22,282,482</u>	<u>74,381,193</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Accounts payable	59,152	10,281	69,433
Benefits payable	1,569	-	1,569
Payable to broker for investments purchased	90,606	86,299	176,905
Total liabilities	<u>151,327</u>	<u>96,580</u>	<u>247,907</u>
Net assets held in trust for pension benefits	<u>\$ 51,947,384</u>	<u>\$ 22,185,902</u>	<u>\$ 74,133,286</u>

# CITY OF NORTH MIAMI, FLORIDA

## PENSION TRUST FUNDS

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>CTS</u> <u>Plan</u>	<u>748</u> <u>Plan</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,375,252	\$ 945,433	\$ 3,320,685
Plan members	1,135,401	355,910	1,491,311
County	181,995	-	181,995
Other	7,202	91,831	99,033
Total contributions	<u>3,699,850</u>	<u>1,393,174</u>	<u>5,093,024</u>
Investment income:			
Net appreciation in fair value of investments	2,747,121	1,446,759	4,193,880
Interest	947,039	436,668	1,383,707
Dividends	506,385	221,951	728,336
	<u>4,200,545</u>	<u>2,105,378</u>	<u>6,305,923</u>
Less investment expenses	315,723	113,895	429,618
Net investment income	<u>3,884,822</u>	<u>1,991,483</u>	<u>5,876,305</u>
Total additions	<u>7,584,672</u>	<u>3,384,657</u>	<u>10,969,329</u>
<b>DEDUCTIONS</b>			
Benefits paid directly to participants:			
Disability retirement	64,540	97,899	162,439
Death benefit	-	44,995	44,995
Normal retirement	2,144,211	31,182	2,175,393
Lump sum retirement	1,693,748	1,258,177	2,951,925
Refunds of contributions	149,192	5,469	154,661
	<u>4,051,691</u>	<u>1,437,722</u>	<u>5,489,413</u>
Administrative expenses	128,031	65,755	193,786
Total deductions	<u>4,179,722</u>	<u>1,503,477</u>	<u>5,683,199</u>
Net increase in net assets	3,404,950	1,881,180	5,286,130
Net assets, beginning	<u>48,542,434</u>	<u>20,304,722</u>	<u>68,847,156</u>
Net assets, ending	<u>\$ 51,947,384</u>	<u>\$ 22,185,902</u>	<u>\$ 74,133,286</u>

# Arts & Craft



Gymnastics Leaders-in-Training



G.O.L.D. Summer Camp



MOCA's  
Creative Arts Camp  
Summer 2004



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# CITY OF NORTH MIAMI, FLORIDA

TABLE 1

## GOVERNMENT-WIDE EXPENSES BY FUNCTION (1) LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities									Business-type Activities			Total
	General Government	(2) Public Works	Highways and Streets	Public Safety	Culture / Recreation	Community Planning & Development	(3) Physical Environment	Economic Environment	Interest & Fiscal Charges	Water & Sewer	Solid Waste	Stormwater	
2002	\$12,594,194	\$761,565	\$2,177,758	\$11,748,202	\$5,336,611	\$2,725,694	\$849,320	\$144,329	\$1,085,047	\$17,291,430	\$5,440,595	\$1,474,832	\$61,629,577
2003	11,966,789	836,404	2,289,964	12,716,830	5,515,862	3,343,428	19,580,993	1,314,193	1,365,061	17,952,760	5,291,596	1,510,072	83,683,952
2004	14,901,830	-	2,585,706	12,956,769	5,683,795	2,338,699	1,046,250	48,459	1,316,044	18,412,385	5,599,198	2,161,989	67,051,124

(1) Information for Fiscal Year End 1995 - 2001 is unavailable.

(2) In 2004, public works administration and building maintenance were reclassified to general government.

(3) Pursuant to an updated remediation and landfill closure cost projection completed in 2003, fiscal year 2003 expenses reflect an additional estimated liability of \$19.3 million. This liability is being funded by a grant from Miami-Dade County.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 2

## GOVERNMENT-WIDE REVENUES (1)

### LAST TEN FISCAL YEARS

Program Revenues				General Revenues			
<u>Fiscal Year</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions (2)</u>	<u>Capital Grants and Contributions</u>	<u>Taxes (3)</u>	<u>Unrestricted Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$28,348,413	\$ 10,097,856	\$ 975,692	\$18,954,928	\$ 770,022	\$ 533,074	\$59,679,985
2003	29,924,310	11,317,404	905,158	19,517,808	574,766	2,152,608	64,392,054
2004	32,387,074	41,173,355	6,527,688	21,099,302	422,936	3,158,227	104,768,582

(1) Information for Fiscal Year End 1995 - 2001 is unavailable.

(2) In 2004, includes a \$31,027,000 grant from Miami-Dade County for landfill remediation and closure.

(3) Includes property taxes, utility taxes, franchise fees and communication service tax. Fiscal year 2002 revenue has been restated to reclassify state shared revenues from taxes to operating grants and contributions.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 3

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN FISCAL YEARS

Fiscal Year	(2) General Government	(3) Public Works	Capital Outlay	Public Safety	(4) Culture / Recreation	(5) Building & Zoning	(6) Debt Service	(5) Planning and Economic Development	Grants / Aids	Physical Environment	Economic Environment	Highways & Streets	Totals
1995	\$7,557,713	\$1,576,465	\$3,464,343	\$7,641,267	\$4,234,390	\$928,562	\$1,411,734	\$574,165	\$272,366	\$-	\$-	\$-	\$27,661,005
1996	8,295,286	1,617,909	3,277,848	8,239,323	4,381,939	1,010,421	1,416,282	649,092	344,233	202,906	4,675	-	29,439,914
1997	8,471,369	1,541,852	1,197,982	8,581,670	4,614,223	-	13,972,752	1,568,566	504,086	193,754	5,425	-	40,651,679
1998	7,237,875	1,477,987	1,417,132	8,814,805	4,866,029	-	3,047,734	1,553,573	950,376	469,386	4,209	-	29,839,106
1999	7,342,359	1,545,641	2,972,285	9,517,309	4,979,691	-	3,240,986	1,709,563	868,791	791,490	1,951	-	32,970,066
2000	8,233,240	1,576,789	2,535,686	10,403,929	5,092,193	-	3,236,179	1,835,786	712,621	1,300,554	103,235	-	35,030,212
2001	9,758,489	1,806,330	1,669,470	10,435,664	5,512,454	-	2,300,204	1,864,953	859,768	415,416	6,444	-	34,629,192
2002	11,930,162	1,831,985	2,066,964	11,545,807	5,492,566	-	2,525,952	2,234,281	900,590	828,989	32,189	-	39,389,485
2003	10,701,482	1,922,398	1,025,287	12,146,198	6,008,020	-	2,898,587	2,202,810	2,856,274	262,161	57,734	-	40,080,951
2004	13,550,286	-	1,725,608	12,195,018	5,150,279	-	2,630,189	2,138,471	578,845	176,350	13,759	2,405,414	40,564,219

(1) Includes general fund, special revenue funds and debt service funds; excludes capital projects and expendable trust funds (GAAP basis).

Beginning in fiscal year 2002, public safety and capital outlay expenditures include expenditures previously accounted for in expendable trust funds. All expendable trust funds were reclassified to special revenue funds with the implementation of GASB 34.

(2) In 2004, general government included on behalf payments of \$243,373.

(3) In 2004, public works administration and building maintenance were reclassified to general government. Highways and streets previously reported under Public Works are reported under a separate function.

(4) In fiscal year 2003, museum operations are included as culture/recreation. Prior to 2003, museum operations were reflected as "transfer to component unit". In 2004, right-of-way operations are included under highways and streets.

(5) In fiscal year 1997, these were combined under one budgetary level of control entitled Community Planning and Development in the General fund.

(6) In fiscal year 1997, this includes \$11,412,917 in bond proceeds that were contributed to the City's two defined benefit pension plans for the discharge of the unfunded actuarial accrued liabilities.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 4

## GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

### LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(2) Taxes</u>	<u>Licenses and Permits</u>	<u>(3) Inter- Governmental Revenues</u>	<u>(4) Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Other</u>	<u>Totals</u>
1995	\$ 15,388,002	\$ 837,461	\$ 6,060,920	\$ 3,300,485	\$ 257,986	\$ 1,831,190 (5)	\$ 27,676,044
1996	16,373,730	854,497	5,737,134	3,478,334	294,877	798,802	27,537,374
1997	16,517,265	854,755	5,905,897	3,670,658	273,701	1,153,627	28,375,903
1998	17,053,937	837,967	6,878,804	3,757,804	270,701	1,255,703	30,054,916
1999	17,836,782	828,579	7,800,732	3,940,979	240,757	962,959	31,610,788
2000	18,256,591	851,649	8,021,068	4,081,419	281,213	739,039	32,230,979
2001	18,628,549	829,921	7,655,752	4,811,068	321,897	679,781	32,926,968
2002	19,853,136	925,688	8,943,565	5,139,702	700,027	543,291	36,105,409
2003	20,434,363	1,183,969	9,950,617	6,027,983	766,495	1,887,969	40,251,396
2004	21,981,530	1,348,970	10,007,005	6,002,864	576,905	2,127,052	42,044,326

(1) Includes general, special revenue and debt service funds; excludes capital projects and expendable trust funds (GAAP basis).

Beginning in fiscal year 2002, intergovernmental, fines and forfeitures, and other revenues include revenues previously accounted for in expendable trust funds. All expendable trust funds were reclassified to special revenue funds with the implementation of GASB 34.

(2) Includes property taxes, sales and use taxes, franchise fees, utility service taxes, and communication service tax.

(3) Includes grants and intergovernmental shared revenues.

(4) Primarily includes revenues from interfund services provided and used.

(5) Includes approximately \$271,000 in proceeds from the sale of land.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 5

## PROPERTY TAX LEVIES AND COLLECTIONS (1)

### LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy (2)	Current Tax Collected	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1995	\$9,834,226	\$9,305,258	94.62	\$ 94,003	\$9,399,261	95.58
1996	10,715,956	10,109,944	94.34	136,892	10,246,836	95.62
1997	10,823,741	10,182,625	94.08	59,042	10,241,667	94.62
1998	11,024,259	10,461,639	94.90	170,122	10,631,761	96.44
1999	11,050,487	10,600,534	95.93	115,903	10,716,437	96.98
2000	11,608,639	10,992,751	94.69	130,503	11,123,254	95.82
2001	11,356,172	10,762,383	94.77	184,170	10,946,553	96.39
2002	12,242,231	11,625,171	94.96	159,854	11,785,025	96.27
2003	13,088,588	12,460,129	95.20	115,732	12,575,861	96.08
2004	14,758,331	13,991,362	94.80	78,341	14,069,703	95.33

Source: Miami-Dade County Property Appraiser and internally generated data.

(1) Includes levies and collections for personal and real properties.

(2) Includes levies for general operations, library, and debt service. Subsequent to 1999, library services are included in general operations.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 6

## ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)

### LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Centrally Assessed Property</u>	<u>Taxable Gross Total</u>	<u>Real Estate Adjustments</u>	<u>Net Assessed Property Value</u>
1995	\$ 1,020,380,892	\$ 94,007,945	\$ 602,751	\$ 1,114,991,588	\$ 12,014,698	\$ 1,102,976,890
1996	1,064,895,883	99,896,576	618,789	1,165,411,248	7,537,158	1,157,874,090
1997	1,071,041,444	111,019,957	602,562	1,182,663,963	9,204,014	1,173,459,949
1998	1,097,530,218	111,324,898	608,223	1,209,463,339	9,336,728	1,200,126,611
1999	1,133,445,837	112,171,309	779,442	1,246,396,588	9,302,670	1,237,093,918
2000	1,152,380,189	131,273,575	771,791	1,284,425,555	10,121,113	1,274,304,442
2001	1,189,062,896	115,288,424	805,782	1,305,157,102	9,088,509	1,296,068,593
2002	1,266,127,069	120,578,899	830,144	1,387,536,112	15,469,107	1,372,067,005
2003	1,376,538,211	114,867,426	851,583	1,492,257,220	13,364,987	1,478,892,233
2004	1,574,569,163	109,803,581	849,185	1,685,221,929	18,813,919	1,666,408,010

Source: Miami-Dade County Property Appraiser

(1) The basis of assessed value is approximately 100% of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding year.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 7

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUATION)

LAST TEN FISCAL YEARS

Fiscal Year	<u>City of North Miami</u>			<u>Miami-Dade County</u>			School District	State	Total Millage
	Operating Millage(1)	Debt Service Millage	Total	Operating Millage	Debt Service Millage	Total			
1995	7.512	1.308	8.820	9.757	0.826	10.583	10.345	0.546	30.294
1996	7.962	1.233	9.195	9.446	0.829	10.275	10.389	0.587	30.446
1997	7.935	1.217	9.152	9.156	0.832	9.988	10.366	0.710	30.216
1998	7.931	1.184	9.115	8.673	1.004	9.677	10.462	0.747	30.001
1999	7.831	1.169	9.000	8.887	0.837	9.724	10.160	0.744	29.628
2000	7.930	1.108	9.038	8.561	0.816	9.377	9.644	0.741	28.800
2001	8.350	0.351	8.701	8.503	0.652	9.155	9.617	0.738	28.211
2002	8.500	0.323	8.823	8.465	0.552	9.017	9.376	0.736	27.952
2003	8.500	0.271	8.771	8.550	0.390	8.940	9.252	0.736	27.699
2004	8.500	0.2575	8.7575	9.130	0.285	9.415	9.100	0.7355	28.008

Source: Miami-Dade County Property Appraiser.

(1) Includes general operations and library.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 8

## PRINCIPAL TAXPAYERS

SEPTEMBER 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Total Assessed Valuation</u>	<u>Percentage of Assessed Valuation</u>
Stellar Biscayne	Real Estate Rentals	\$ 43,981,000	2.64%
Florida Power & Light Corporation	Utility	27,063,539	1.62%
King Apartments	Rental Apartments	26,438,683	1.59%
Alliance LTD Partnership	Entertainment	24,324,592	1.46%
San Souci, LLC	Rental Apartments	19,000,000	1.14%
Center Court Associates LTD	Rental Apartments	16,162,358	0.97%
Ciprox USA	Retail	11,883,500	0.71%
127th Street Shopping Center, Inc.	Shopping Mall	11,546,695	0.69%
BellSouth Corporation	Utility	10,834,336	0.65%
Causeway Plaza	Shopping Mall	<u>10,264,312</u>	<u>0.62%</u>
Totals		<u>\$ 201,499,015</u>	<u>12.09%</u>

Source: Miami-Dade County Property Appraiser



# CITY OF NORTH MIAMI, FLORIDA

TABLE 9

## RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	(1) <u>Population*</u>	(2) Assessed <u>Value*</u>	(3) Gross Bonded <u>Debt*</u>	(4) Less Debt Service <u>Fund*</u>	Net Bonded <u>Debt*</u>	Ratio of Net Debt to Assessed <u>Value</u>	Net Bonded Debt Per <u>Capita</u>
1995	51	\$ 1,102,977	\$ 8,745	\$ 10	\$ 8,735	0.80	171
1996	51	1,157,874	7,830	17	7,813	0.67	153
1997	50	1,173,460	6,875	11	6,864	0.58	137
1998	50	1,200,127	5,875	21	5,854	0.49	117
1999	50	1,237,094	4,820	32	4,788	0.39	96
2000	60	1,274,304	3,720	14	3,706	0.29	62
2001	60	1,296,069	3,500	10	3,490	0.27	58
2002	60	1,372,067	3,335	37	3,298	0.24	55
2003	60	1,478,892	3,060	-	3,060	0.21	51
2004	60	1,666,408	2,780	-	2,780	0.17	46

\*Amounts expressed in thousands.

Source: City of North Miami Finance Department.

(1) From Table 13.

(2) From Table 6.

(3) Amount does not include special obligation bonds payable. All general obligation bonded debt is expected to be repaid through general governmental resources.

(4) Amount available for repayment of FMLC loan (general obligation debt).

# CITY OF NORTH MIAMI, FLORIDA

TABLE 10

## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES\*

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (2)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (3)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1995	\$ 925	\$ 487	\$ 1,412	\$ 27,661	5.10
1996	930	486 (4)	1,416	29,440	4.81
1997	1,832	728 (5)	2,560	40,652	6.30
1998	1,843	1,205	3,048	29,839	10.21
1999	1,941	1,300	3,241	32,970	9.83
2000	2,030	1,233 (6)	3,263	35,030	9.31
2001	1,196	1,104	2,300	34,629	6.64
2002	380	1,130 (7)	1,510	39,389	3.83
2003	375	1,518 (8)	1,893	40,081	4.72
2004	440	1,190	1,630	40,564	4.02

\*Amounts expressed in thousands.

(1) Includes debt service for general obligation and special obligation debt.

(2) Includes debt issuance and other costs.

(3) From Table 3.

(4) Includes debt issuance costs of approximately \$33,000.

(5) Includes debt issuance costs of approximately \$176,000.

(6) Includes debt issuance costs of approximately \$27,000.

(7) Includes debt issuance costs of approximately \$59,436.

(8) Includes debt issuance costs of \$422,662.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 11

## SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT GENERAL OBLIGATION BONDS (1)

SEPTEMBER 30, 2004

(IN THOUSANDS)

<u>Jurisdiction</u>	<u>Taxable Property Value</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To North Miami</u>	<u>Amount Applicable To North Miami</u>
Direct:				
City of North Miami (1)	\$ 1,666,408	\$ 2,780	100.00%	\$ 2,780
Overlapping:				
Miami-Dade County (2)	147,593,767	221,554	1.13% (4)	2,504
Miami-Dade County Schools (3)	127,196,133	<u>685,603</u>	1.31% (4)	<u>8,981</u>
Total Overlapping Debt		<u>907,157</u>		<u>11,485</u>
Total Direct and Overlapping Debt		<u>\$ 909,937</u>		<u>\$ 14,265</u>

(1) Excludes the City of North Miami's special obligation bonds which are not payable from property taxes (see Table 9).

(2) Source: Miami-Dade County Finance Department - Taxable Property Value reflects January 1, 2004 amounts and Net General Obligation Bonded Debt Outstanding figures are as of September 30, 2004.

(3) Source: School Board of Miami-Dade County Division of Accounting - Taxable Property Value reflects September 30, 2003 amounts and Net General Obligation Bonded Debt Outstanding figures are as of June 30, 2004.

(4) Based on the percentage of the County's/School Board's tax roll valuation comprised of real and personal property situated in the City of North Miami.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 12

## SCHEDULE OF REVENUE BOND COVERAGE WATER & SEWER ENTERPRISE FUND

LAST TEN FISCAL YEARS  
(IN THOUSANDS)

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	<u>Debt Service Requirements</u>		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest (3)</u>		
1995	\$ 13,608	\$ 11,933	\$ 1,675	\$ 345	\$ 323	\$ 668	2.50
1996	15,247	12,460	2,787	355	310	665	4.19
1997	14,983	14,116	867	370	294	664	1.30
1998	15,355	13,273	2,082	385	278	663	3.14
1999	15,766	14,439	1,327	395	262	657	2.01
2000	17,212	14,374	2,838	415	245	660	4.29
2001	16,236	14,917	1,319	430	228	658	2.00
2002	16,478	15,889	589	450	210	660	0.89
2003	16,458	16,594	(136)	465	191	656	(0.21)
2004 (4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Total operating revenues, plus interest income and operating grants.

(2) Total operating expenses exclusive of depreciation.

(3) Including fiscal charges.

(4) The 1964 Water & Sewer Bond issue matured 2/1/2004. The 1965 Water & Sewer Bond issue was called for full redemption on 8/1/2004. Both issues have been paid. As of 9/30/2004, there were no Water & Sewer Bonds outstanding.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 13

## DEMOGRAPHIC STATISTICS

### LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	(2) Per Capita Income	(3) Median Age	(4) Unemployment Rate Percentage	<u>CITY POPULATION BY AGE GROUP - 2000 (5)</u>	
					<u>Years</u>	
					14 and under	14,046
					15-24	9,516
					25-34	9,438
1995	50,758	\$ 13,297	N/A	7.3	35-44	9,609
					45-54	7,490
1996	50,757	13,297	N/A	8.0	55-64	4,271
					65 and over	5,510
1997	50,393	13,297	N/A	7.7	Total	<u>59,880</u>
1998	50,258	13,297	N/A	6.9	<u>EMPLOYED PERSONS BY INDUSTRY - 2000 (6)</u>	
1999	50,393	13,297	N/A	6.2	<u>Industry</u>	
					Contract construction	1,165
2000	59,880	14,581	N/A	5.9	Manufacturing and extraction	1,425
					Transportation and utilities	1,639
2001	59,880	14,581	32	6.8	Retail trade	3,002
					Wholesale trade	859
2002	59,996	14,581	N/A	7.9	Educational services	4,909
					Other professional & related services	6,453
2003	60,069	14,581	N/A	7.8	Other services	1,504
					Finance, Insurance & real estate	1,801
2004	60,101	14,581	N/A	6.6	Public administration	<u>802</u>
					Total Workers, 16 years old & over	<u>23,559</u>

(1) University of Florida, Bureau of Economic & Business Research (Except in 2000 - U.S. Census Bureau, Census 2000).

(2) Data for 1995-1999 and 2000-2004 based on U.S. Census of Population 1990 and 2000 respectively.

(3) U.S. Census Bureau, Census 2000.

(4) Florida Department of Labor and Employment Security, Bureau of Labor Market Information, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

(5) U.S. Census Bureau, Census 2000.

(6) U.S. Census of Population 2000

# CITY OF NORTH MIAMI, FLORIDA

TABLE 14

## PROPERTY VALUES, CONSTRUCTION AND BANK DEPOSITS

### LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Total Permits Issued</u>	<u>New Construction Value (1)</u>		<u>Total</u>	<u>Bank Deposits (2)(3) (000)'s</u>	<u>Real Property Values (4)</u>	
		<u>Commercial</u>	<u>Residential</u>			<u>Commercial</u>	<u>Residential</u>
1995	379	\$ 5,571,100	\$ 3,095,985	\$ 8,667,085	\$ 33,457,237	\$ 226,524,558	\$ 793,856,334
1996	834	4,516,415	3,196,422	7,712,837	34,662,307	236,406,886	828,488,997
1997	797	7,405,756	3,263,310	10,669,066	34,080,865	238,392,097	832,649,347
1998	767	5,571,813	3,557,590	9,129,403	36,229,658	240,603,748	856,926,470
1999	838	3,273,128	2,951,775	6,224,903	39,633,149	249,523,948	883,921,889
2000	804	6,210,772	3,110,675	9,321,447	40,542,573	251,112,285	901,267,904
2001	824	4,986,919	3,233,587	8,220,506	45,063,851	276,101,935	912,960,961
2002	876	2,435,175	8,018,376	10,453,551	51,297,297	288,793,163	977,333,906
2003	766	5,341,832	6,851,373	12,193,205	56,263,926	303,538,226	1,072,999,985
2004	786	18,865,165	5,644,411	24,509,576	62,368,292	365,227,721	1,209,341,442

(1) Source: City of North Miami's internal data. Certain building permits have been excluded for not being "new construction" types.

(2) Florida Bankers' Association. The information presented is for Miami-Dade County as a whole which includes the City of North Miami.

(3) Deposits for years 1995-1999 have been restated to include all FDIC insured banks as of June 30th.

(4) Source: Miami-Dade County Property Appraiser. Real property values for 1995-1999 have been restated.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 15

## MISCELLANEOUS STATISTICS

SEPTEMBER 30, 2004

Date of incorporation	1926
Form of government	Council/Manager
Number of employees (excluding police and fire):	
Classified	332
Unclassified	19
Part Time	25
Area in square miles	9.44
City of North Miami's facilities and services:	
Miles of streets	136
Number of street lights	2,680
Culture and recreation:	
Community centers	6
Parks	26
Park acreage	561
Library	1
Swimming pools	2
Tennis courts	28
Museums	1
Outdoor roller rink	1
Water playgrounds	2
Fire protection (provided by Miami-Dade County):	
Number of stations	2
Number of fire personnel and officers	72
Number of calls answered	11,689
Police protection:	
Number of stations	1
Number of police officers and civilian personnel	172
Number of patrol units	66
Number of calls for service	47,201
Number of law violations:	
Physical arrests	2,216
Traffic citations	13,203
Parking citations	2,890
Boating citations	111
Sewerage system:	
Miles of sanitary sewers	152
Number of service connections	12,408
Miles of storm sewers	27.2
Water treatment plants (the City utilizes, Miami-Dade County Plant):	
Daily average treatment in gallons	8,500,000
Water system:	
Miles of water mains	305.5
Number of service connections	20,073
Number of fire hydrants	868
Daily average consumption in gallons	10,545,000
Maximum daily capacity of plant in gallons	9,300,000
Other services:	
Education:	
Number of elementary schools	6
Number of elementary school instructors	390
Number of secondary schools	2
Number of secondary school instructors	175
Number of universities	2

# CITY OF NORTH MIAMI, FLORIDA

TABLE 16

## FISCAL YEAR BUDGETED AND HISTORIC NON-AD VALOREM FUNDS

FISCAL YEAR ENDED SEPTEMBER 30

<u>Sources of Funds</u>	<u>2005</u> <u>(Budgeted)</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General government funds (1):						
Franchise fees (5)	\$ 2,623,808	\$ 2,841,720	\$ 2,706,832	\$ 2,455,206	\$ 2,954,186	\$ 2,510,282
Utility taxes	2,473,952	2,458,734	2,521,258	2,428,414	3,923,039	3,840,332
Communication service tax	1,634,926	1,729,145	1,713,857	2,286,283	-	-
Sales and use taxes	837,888	882,228	916,555	898,208	804,771	782,723
Licenses and permits	1,500,150	1,348,970	1,183,969	925,688	829,921	851,649
Intergovernmental revenues (2)	6,715,570	7,178,033	8,784,087	7,764,497	6,482,423	6,893,451
Charges for services (3)	5,963,568	6,002,864	6,027,983	5,139,702	4,811,068	4,081,419
Fines and forfeitures	799,790	576,905	766,495	700,027	321,897	281,213
Other	<u>2,080,625</u>	<u>1,898,581</u>	<u>1,887,969</u>	<u>543,291</u>	<u>679,781</u>	<u>739,039</u>
Total general government non-ad valorem funds	<u>24,630,277</u>	<u>24,917,180</u>	<u>26,509,005</u>	<u>23,141,316</u>	<u>20,807,086</u>	<u>19,980,108</u>
Enterprise funds (4):						
Water and sewer utility	16,101,584	16,446,720	16,211,044	15,957,226	15,584,552	16,512,555
Solid waste services	6,021,650	5,810,394	4,801,765	4,804,527	4,455,651	4,674,009
Stormwater utility	<u>2,024,000</u>	<u>1,837,166</u>	<u>914,741</u>	<u>899,226</u>	<u>890,762</u>	<u>878,531</u>
Total enterprise funds						
Non-ad valorem funds	<u>24,147,234</u>	<u>24,094,280</u>	<u>21,927,550</u>	<u>21,660,979</u>	<u>20,930,965</u>	<u>22,065,095</u>
Total non-ad valorem funds	<u>\$48,777,511</u>	<u>\$49,011,460</u>	<u>\$48,436,555</u>	<u>\$44,802,295</u>	<u>\$41,738,051</u>	<u>\$42,045,203</u>

(1) Includes general fund, special revenue funds and debt service funds; excludes capital project funds.

(2) Prior to 2004, intergovernmental revenue does not include grants to be paid by Miami-Dade County. In 2004 all intergovernmental revenue restricted for specific use and not available to fund debt service has been excluded from this category.

(3) Includes interfund services provided and used.

(4) Only operating revenues are shown.

(5) Fiscal year 2002 revenue for franchise fees has been restated to reclassify communication service tax revenue to a separate category.



# CITY OF NORTH MIAMI, FLORIDA

TABLE 17

## DEBT SERVICE REQUIREMENTS AND COVERAGE OUTSTANDING AND PROPOSED PAYABLE FROM NON-AD VALOREM FUNDS

Fiscal	Outstanding		<u>Pension Obligation Bonds (3)</u>			Total	Non-Ad	Coverage
<u>Year</u>	<u>Debt</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Debt Service</u>	<u>Valorem</u>	<u>Ratio</u>
	<u>Service (1)</u>						<u>Funds (2)</u>	<u>Percentage</u>
2005	\$ 1,437,225	\$ 170,000	\$ 1,029,633	\$ 1,199,633	\$ 2,636,858	\$ 48,777,511		18.50
2006	1,284,355	175,000	1,017,454	1,192,454	2,476,809	48,777,511		19.69
2007	440,138	190,000	1,004,697	1,194,697	1,634,835	48,777,511		29.84
2008	435,800	205,000	990,978	1,195,978	1,631,778	48,777,511		29.89
2009	435,575	225,000	975,846	1,200,846	1,636,421	48,777,511		29.81
2010	439,200	240,000	959,559	1,199,559	1,638,759	48,777,511		29.76
2011	437,200	255,000	942,165	1,197,165	1,634,365	48,777,511		29.84
2012	434,700	275,000	923,712	1,198,712	1,633,412	48,777,511		29.86
2013	436,575	300,000	903,504	1,203,504	1,640,079	48,777,511		29.74
2014	437,344	320,000	881,774	1,201,774	1,639,118	48,777,511		29.76
2015	436,987	345,000	858,492	1,203,492	1,640,479	48,777,511		29.73
2016	435,844	370,000	833,517	1,203,517	1,639,361	48,777,511		29.75
2017	433,912	395,000	806,545	1,201,545	1,635,457	48,777,511		29.83
2018	436,063	425,000	777,852	1,202,852	1,638,915	48,777,511		29.76
2019	432,294	455,000	746,988	1,201,988	1,634,282	48,777,511		29.85
2020	433,569	490,000	713,973	1,203,973	1,637,542	48,777,511		29.79
2021	434,806	525,000	678,275	1,203,275	1,638,081	48,777,511		29.78
2022	435,094	565,000	640,123	1,205,123	1,640,217	48,777,511		29.74
2023	-	605,000	599,090	1,204,090	1,204,090	48,777,511		40.51
2024	-	655,000	555,084	1,210,084	1,210,084	48,777,511		40.31
2025	-	700,000	507,458	1,207,458	1,207,458	48,777,511		40.40
2026	-	755,000	456,542	1,211,542	1,211,542	48,777,511		40.26
2027	-	810,000	401,682	1,211,682	1,211,682	48,777,511		40.26
2028	-	865,000	342,938	1,207,938	1,207,938	48,777,511		40.38
2029	-	930,000	279,998	1,209,998	1,209,998	48,777,511		40.31
2030	-	1,000,000	212,394	1,212,394	1,212,394	48,777,511		40.23
2031	-	1,075,000	139,693	1,214,693	1,214,693	48,777,511		40.16
2032	-	1,155,000	61,560	1,216,560	1,216,560	48,777,511		40.09
	<u>\$ 9,696,681</u>	<u>\$ 14,475,000</u>	<u>\$ 19,241,526</u>	<u>\$ 33,716,526</u>	<u>\$ 43,413,207</u>			

(1) This assumes that total debt service on these bonds is paid from Non-Ad Valorem Funds (See Table 18).

(2) This reflects the budgeted funds available for the fiscal year ending September 30, 2004 from General Government Non-Ad Valorem Funds and Enterprise Funds (see Table 16).

(3) In October 2002, \$14,735,000 in Taxable Special Obligation Refunding Bonds-Series 2002 (Pension) were issued to current refund \$11,755,000 of outstanding Taxable Special Obligation Bonds (Pension) 1997.

# CITY OF NORTH MIAMI, FLORIDA

TABLE 18

## DEBT SERVICE PAYABLE FROM PORTIONS OF THE NON-AD VALOREM FUNDS

<u>Year</u>	\$9.5 Million Promissory Note (1)	FMLC Series 2001A Stormwater Utility Revenue Bonds (2)	<u>Total</u>
2005	\$ 1,000,000	\$ 437,225	\$ 1,437,225
2006	845,218	439,137	1,284,355
2007	-	440,138	440,138
2008	-	435,800	435,800
2009	-	435,575	435,575
2010-2022	-	5,663,588	5,663,588
	<u>\$1,845,218</u>	<u>\$7,851,463</u>	<u>\$ 9,696,681</u>

(1) In fiscal year 2000, the City issued a promissory note in the principal amount of not to exceed \$9.5 million to finance the cost of environmental remediation at and closure of the City's Munisport site. As of September 30, 2004 approximately \$1.8 million was outstanding on this loan.

(2) In November 2001, the City entered into a loan agreement with the Florida Municipal Loan Council in the principal amount of \$5,545,000. The purpose of the loan is to finance capital improvements to the City's stormwater system. The loan proceeds were funded through a Florida Municipal Loan Council bond issuance (FMLC Revenue Bonds, Series 2001A).

Source: City of North Miami, Florida Finance Department.

# Arbor Day

Annual Tree Planting at Enchanted Forest Elaine Gordon Park



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March 2004

**Report of Independent Certified Public Accountants on Internal Control over  
Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor, City Council and City Manager  
City of North Miami, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2004 which collectively comprise of the City's basic financial statements, and have issued our report thereon dated March 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of North Miami's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters that we have reported to management in the schedule of findings and questioned costs accompanying this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Honorable Mayor, City Council and City Manager  
City of North Miami, Florida  
Page Two

This report is intended solely for the information and use of the Mayor, City Council, management, and regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
March 21, 2005

**Management Letter in Accordance with the Rules of the Auditor General of the State of Florida**

Honorable Mayor, City Council and City Manager  
City of North Miami, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of North Miami, Florida (the City) as of and for the fiscal year ended September 30, 2004 which collectively comprise of the City's basic financial statements, and have issued our report thereon dated March 21, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements, Report of Independent Certified Public Accountants on Compliance applicable to each Major Program and on Internal Control over Compliance in accordance with OMB Circular A-133, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 21, 2005, should be considered in conjunction with this management letter.

In connection with our audit of the basic financial statements of the City of North Miami for the fiscal year ended September 30, 2004, we report the following in accordance with Chapter 10.550, Rules of the Auditor General, *Local Government Entity Audits* which requires that this report specifically address, but not be limited to, the matters outlined in Rule 10.554(1)(h):

1. Significant findings and recommendations made in the preceding financial audit report have been implemented except as reported in the summary schedule of prior audit findings.
2. The City was in compliance with Section 218.415, Florida Statutes, regarding the investment of public funds.
3. Recommendations to improve the City's present financial management, accounting procedures and internal accounting controls are accompanying this report in the schedule of findings and questioned costs.
4. During the course of our audit, other than matters that are clearly inconsequential considering both quantitative and qualitative factors, nothing came to our attention that caused us to believe that the City:
  - a. Was in violation of any laws, rules or regulations and contractual provisions or abuse that have occurred, or were likely to have occurred, or were discovered within the scope of the audit.

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Honorable Mayor, City Council and City Manager  
City of North Miami, Florida  
Page Two

- b. Made any illegal or improper expenditures that were discovered within the scope of the audit that may materially affect the financial statements.
  - c. Had deficiencies in internal control that are reportable conditions including but not limited to:
    - (1) Improper or inadequate accounting procedures
    - (2) Failures to properly record financial transactions
    - (3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that came to the attention of the auditor, other than presented in the accompanying schedule of findings and questioned costs.
5. The City was created by Chapter 29318, Laws of Florida, 1953. The Museum of Contemporary Art, Inc., the City's component unit, was created by the City of North Miami, Ordinance 768, adopted October 14, 1980 and was incorporated in the State of Florida on August 18, 1981.
6. a. The City, during fiscal year 2004, was not in a state of financial emergency as defined by Florida Statutes 218.503(1).
- b. The annual financial report for the fiscal year ended September 30, 2004 has been filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes and is in agreement with the audited financial statements for the fiscal year ended September 30, 2004.
- c. During the course of our audit, we applied financial condition assessment procedures pursuant to Rule 10.556(8). It is management's responsibility to monitor the City's financial condition, and our financial condition assessment, which was performed as of the City's fiscal year end, was based on representations made by management and the review of financial information provided by the City. Discussion regarding deteriorating financial condition is addressed in the accompanying schedule of findings and questioned costs.

This report is intended solely for the information and use of the Mayor, City Council, management and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
March 21, 2005

**Report of Independent Certified Public Accountants on Compliance and Internal Control over  
Compliance Applicable to Each Major Program in Accordance with OMB Circular A-133**

Honorable Mayor, City Council and City Manager  
City of North Miami, Florida

Compliance

We have audited the compliance of the City of North Miami, Florida (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal awards programs for the fiscal year ended September 30, 2004. The City's major federal awards programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended September 30, 2004.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Honorable Mayor, City Council and City Manager  
City of North Miami, Florida  
Page Two

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Council, management, and specific legislative or regulatory bodies and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rachlin Cohen & Holtz LLP*

Miami, Florida  
March 21, 2005

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><i>U.S. Department of Housing and Urban Development</i></b>			
Community Development Block Grant	14.218	B-02-MC-12-0039	\$ 534,647
Community Development Block Grant	14.218	B-03-MC-12-0039	<u>32,504</u>
<b><i>Total U.S. Department of Housing and Urban Development</i></b>			<u>567,151</u>
<b><i>U.S. Department of Justice</i></b>			
Community Oriented Policing Services	16.710	2002UMWX0339	114,560
Local Law Enforcement Block Grant	16.592	03LBBX2102	55,632
Local Law Enforcement Block Grant	16.592	02LBBX1921	137,348
Bulletproof Vest Partnership Grant-03	16.607	N/A	7,864
Bulletproof Vest Partnership Grant-02	16.607	N/A	10,651
Federal Equitable Sharing Program	N/A	N/A	<u>58,433</u>
Subtotal Direct Programs			384,488
Pass-Through Program from:			
State of Florida Department of Juvenile Justice - Juvenile Justice Grant - Project/Focus - 3rd Year	16.549	Q2042	73,074
State of Florida Department of Juvenile Justice - Juvenile Justice Grant - Project/Focus - 1st Year	16.549	Q2042	(6,354)
State of Florida Office of the Attorney General - Victim's Intervention Program Grant	16.575	V3109	41,713
State of Florida Department of Community Affairs - Miami-Dade County Byrne Program Grant	16.579	N/A	<u>13,508</u>
<b><i>Total U.S. Department of Justice</i></b>			<u>506,429</u>
<b><i>Federal Highway Administration</i></b>			
Pass-Through Program from:			
State of Florida Department of Transportation Transportation Enhancement Activities	20.205	2512831	<u>1,076,622</u>
<b><i>U.S. Department of Transportation</i></b>			
Pass-Through Program from:			
State of Florida Department of Transportation Federal Aid Eligible Roadways - Frances	20.205	AO079	<u>11,082</u>
<b><i>Federal Emergency Management Agency</i></b>			
Pass-Through Program from:			
State of Florida Department of Community Affairs - FEMA 1345 Stormwater Drainage Project	83.544	01-RM-L5-11-23-02-032	4,230,028
FEMA Hurricane Relief - Frances	97.036	05-PA-G%-11-23-02-632	235,767
FEMA Hurricane Relief - Jeanne	97.036	05-PA-E=-11-23-02-637	<u>53,296</u>
<b><i>Total Federal Emergency Management Agency</i></b>			<u>4,519,091</u>
<b><i>U.S. Department of the Interior</i></b>			
Pass-Through Program from:			
State of Florida Department of Environmental Protection Enchanted Forest Hiking Trail and Facilities Renovation	15.916	LW490	<u>5,280</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$ 6,685,655</u>

See notes to the schedule of expenditures of federal awards.

# CITY OF NORTH MIAMI, FLORIDA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

### NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of North Miami and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the City of North Miami provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Entitlement Grants	14.218	<u>\$ 172,528</u>

# **CITY OF NORTH MIAMI, FLORIDA**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2004**

### **PRIOR YEAR COMMENTS AND STATUS**

#### ***Financial Statement Findings***

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2003 schedule of findings and questioned costs:

Matters that are repeated in the accompanying schedule of findings and questioned costs.

- Financial condition (see Item 04-1)
- Physical inventory of fixed assets (see Item 04-2)

Matters that are not repeated in the accompanying schedule of findings and questioned costs.

- Financial condition (Item 03-1) as it related to unreserved fund balance in the General Fund.

#### ***Federal Awards Findings and Questioned Costs***

The following addresses the status of federal awards findings and questioned costs reported in fiscal year ended September 30, 2003 schedule of findings and questioned costs:

Matters that are not repeated in the accompanying schedule of findings and questioned costs.

- Compliance – Questioned Costs (Item 03-3)
- Compliance – Documentation (Item 03-4)

#### ***State Financial Assistance Findings and Questioned Costs***

The following addresses the status of state financial assistance projects findings and questioned costs reported in fiscal year ended September 30, 2003 schedule of findings and questioned costs:

Matters that are not repeated in the accompanying schedule of findings and questioned costs.

- Internal Control over Compliance (Item 03-5)
- Compliance – Eligibility (Item 03-6)
- Compliance – Eligibility (Item 03-7)
- Compliance – Eligibility (Item 03-8)
- Compliance – Questioned Costs (Item 03-9)
- Compliance – Documentation (Item 03-10)

The state financial assistance findings and questioned costs reported in fiscal year ended September 30, 2003 (Items 03-5 to 03-10) refer to the State Housing Initiatives Partnership Program (SHIP). During fiscal year ended September 30, 2004 there were no expenditures related to this program. Since there were no expenditures during the year related to this program, no follow up on compliance matters specific to this program was possible.

# CITY OF NORTH MIAMI, FLORIDA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2004

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued:

*Unqualified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes    X no

Reportable condition(s) identified not considered to be material weakness?

\_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

#### Federal Awards Programs

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ yes    X no

Reportable condition(s) identified not considered to be material weakness?

\_\_\_ yes    X none reported

Type of auditor's report issued on compliance for major programs:

*Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

\_\_\_ yes    X no

Identification of major programs:

Federal Program

Federal CFDA No.

FEMA 1345 Stormwater Drainage Project

83.544

Transportation Enhancement Activities

20.505

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low risk auditee?

\_\_\_ yes    X no

# **CITY OF NORTH MIAMI, FLORIDA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

### **SECTION II – FINANCIAL STATEMENT FINDINGS**

#### **Other Matters**

##### ***04-1 Financial Condition***

The City's water and sewer utility system continues to incur operating losses, including depreciation, of approximately \$1,800,000, \$1,500,000 and \$1,100,000 in 2004, 2003 and 2002, respectively. Solid waste services which incurred operating losses, including depreciation, of approximately \$490,000 and \$640,000 in 2003 and 2002, respectively, has improved now showing an operating profit of approximately \$210,000 in 2004. The stormwater utility which incurred operating losses, including depreciation, of approximately \$320,000 and \$340,000 in 2003 and 2002, respectively, has improved now showing an operating profit of approximately \$430,000 in 2004. The water and sewer utility system should be recovering the costs of operations through user charges. This comment was also reported in the prior year.

#### ***Recommendation***

Since the intent of the water and sewer utility system is to recover the costs of operations, including depreciation through user charges, the City needs to consider ways to increase revenues to sufficient levels or to decrease expenses so that the utility operation can be self-supporting.

The City needs to continue to take positive action to address and monitor the conditions described above with a combination of initiatives intended to ensure the financial stability of the City.

#### ***Management Response***

Although the Solid Waste Fund and the Stormwater Utility Fund posted operating profits for 2004, the City recognizes that the profits are intended to cover deficits created in prior years. In addition to monitoring expenses, and finding efficient ways of providing services, management must continue to monitor the rates on an annual basis and consider proposing inflationary increases in the rates, based on the Consumer Price Index ("CPI"), in order to cover the cost of providing the same level of services.

With respect to the Water & Sewer Utility, management intends to recommend rate increases for fiscal year 2006 in an effort to stop the continued depletion of reserves that has occurred in recent years. In a 2001 survey, the City was ranked as having the third lowest water rate in the state among 111 other municipalities. This reflects the fact that since at least 1982, there have been only two rate increases; one in fiscal year 1992, and another in fiscal year 2000. As stated earlier, staff will recommend a policy that annual rate increases should at a minimum match the CPI, which is reflective of conditions in the economy. Another staff recommendation will be the consideration of conducting a formal independent rate study by an outside agency. Alternatively, the City can purchase software that may accomplish the same analytical tasks and provides for multiple scenarios and conditions.

Rate setting for the Water & Sewer Utility is a bit more complex than setting rates for the other two enterprise funds, because of the different components of the water and sewer rates, as well as assumptions that are made with respect to customer consumption. Conversely, the other two funds use one or two rates on a finite number of units.

# **CITY OF NORTH MIAMI, FLORIDA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

### **SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

#### ***04-2 Physical Inventory of Capital Assets***

We noted that the City has not taken a physical inventory of its capital assets in several years. The purpose of a capital asset inventory would ensure that only active, in-service machinery and equipment is included in the City's financial statements and would also assist the City in providing safeguards from loss or misuse of assets. This comment was also reported in the prior year.

In addition, as required by Governmental Accounting Standards Board Statement No. 34, the City must retroactively report, back to October 1, 1980, its general government infrastructure assets. The City must present this in their financial statements during or prior to the fiscal year ending September 30, 2007.

#### ***Recommendation***

We recommend that the City perform a physical inventory of all capital assets and maintain detailed records of these assets to ensure that the assets are properly reported and properly safeguarded from loss or misuse. To be cost effective, we recommend that the City simultaneously engage the services of appraisers to work with City personnel and engineers to perform both the physical inventory of the City's capital assets and its infrastructure assets.

#### ***Management Response***

During fiscal year 2005, the City's physical inventory of its capital assets was completed, as well as the valuation of the City's infrastructure assets for purposes of GASB 34 financial reporting. The results of the inventory as well as the reporting of the infrastructure assets will be reflected in the financial statements for the fiscal year ending September 30, 2005. The reporting of the infrastructure assets reflects a 2-year early compliance with the requirements of GASB 34 infrastructure reporting.

#### ***04-3 Computer System***

The Pension Plans experienced a computer system failure during the course of the fiscal year and lost four months of data due to the failure to properly backup financial data in a timely manner. More importantly, the system failure caused delays in the Plans' ability to prepare monthly financial statements as the Plans had to recreate all of the lost financial records. To a lesser extent, it delayed the Plans' ability to have their financial audits performed in a timely manner.

#### ***Recommendation***

We recommend that the Plans implement procedures to backup financial data in a timely manner to ensure that most current Plan data is maintained and not be subject to significant future lost data.

#### ***Management Response***

The Administrative Services Department has replaced the aging server, which caused the system failure, with redundant servers. The function of these redundant servers is to duplicate each others' data content such that, if one was to fail, the other would contain a carbon copy of the data housed in the failed unit. In addition, the Plans have acquired an external hard drive that is used to perform weekly pension data backups at the local level.

# **CITY OF NORTH MIAMI, FLORIDA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

### **SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

#### ***04-4 Fraud***

We noted during our inquiries of management that an employee of the parks and recreation department was fraudulently completing timesheets and receiving payroll checks for other employees who did not work during those periods of time. The employee cashed these checks at a local bank. There was a lack of adequate internal controls over the monitoring and supervision of certain activities and personnel of the parks and recreation department and as such, there was a loss of City resources. The City is required to have adequate controls and safeguards to protect its assets from loss or misuse.

#### ***Recommendation***

We recommend that the City strengthen their internal controls over the activities and personnel of the parks and recreation department as well as other departments that are not at centralized locations. There needs to be more supervision and review of timesheets to ensure that individuals receiving payroll checks actually worked during those periods of time and that amounts received are for the correct hours worked.

#### ***Management Response***

The incident in question was being investigated by the City's police department, and both the Personnel department and the Finance department were recently debriefed on the specifics of their findings. The meeting was requested by the Finance department, in an effort to identify the weaknesses in the controls that led to this incident, and to discuss what procedures can be implemented to strengthen the controls and prevent this from re-occurring.

Personnel and Finance will be working together to formalize the procedures. Among some of the changes to be implemented will be how part-time employees and temporary contract workers are re-activated or inactivated for continued employment. A new procedure will include the requirement that an active status will end a time certain, and if an employee is to be continued, it will require a "formal" re-activation of his/her status. Currently, unless inactivated, an employee's status remained active, which in turn generated a timesheet, which facilitated its fraudulent completion. Other changes will include how W-2 forms are distributed to part-timers, and how checks are distributed.

At the department level, each department is responsible for monitoring its monthly expenses, including its personal services costs. Wherever possible, supervision of part-time and seasonal staff must be accomplished, either by a supervisor's surprise visits to the events, or by site logs or other evidence that the employee was in attendance. In some cases, where there are multiple levels of supervision, it is recommended that on a random basis, upper supervisory positions make a point of reviewing the work or actions of lower supervisors.

In this particular incident, the employee suspected of committing the fraud, was in a supervisory position, and he took advantage of this position to not only preparing fraudulent timesheets and forging employee signatures, but he managed to forge the authorized signatures of supervisors above him. Additionally, fact that the controls at a bank also appeared to have failed, aggravated the situation making it that much more difficult to identify the occurrence of fraud.



# **CITY OF NORTH MIAMI, FLORIDA**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

### **SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

The City anticipates recovering the loss through the insurance, and it will mail out corrective W-2 forms for those part-time employees whose wages appeared to have been incorrectly reported as a result of the fraud.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.